

Agenda

10.00 Tuesday 26 September 2023
Audit Scotland, 102 West Port, Edinburgh



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

Standing items – 25mins

- | | |
|---|----------------------------|
| 5. Chair's report – verbal update | For information |
| 6. Accountable Officer's report – verbal update | For information |
| 7. Accounts Commission Chair's report – verbal update | For information |
| 8. Review of draft minutes: <ul style="list-style-type: none">• Board meeting: 6 June 2023• Audit Committee: 6 June 2023 | For approval
For noting |
| 9. Review of action tracker | For assurance |

Strategic Priorities

- | | |
|---|---------------|
| 10. Strategic Improvement Programme: Update | For assurance |
| 11. Human Rights Based Approach update | For assurance |

Business planning, performance and governance

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

15. Annual policy review of records management policies For approval

16. 2024 Proposed Board and Committee meeting schedule For approval

Comfort Break – 5 mins

Items to be taken in private

17. Estate Update For approval

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

18. Operational planning: Draft Audit Scotland Business Plan 2023-2025 For discussion

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

19. 2024/25 Draft Budget Submission For discussion

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

20. Stakeholder research For assurance

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

Conclusion – 5mins

21. Any other business For discussion

22. Review of meeting For discussion

23. Date of next meeting: 21 November 2023 For information

Minutes Board



Tuesday 6 June 2023, 10.00am
Audit Scotland, 102 West Port and Microsoft Teams

Present:

Colin Crosby (chair)
Stephen Boyle
Jackie Mann

Apologies:

Ronnie Hinds
Alan Alexander

In attendance:

Tim McKay, Deputy Chair of the Accounts Commission
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
Helena Gray, Controller of Audit
Gayle Fitzpatrick, Corporate Governance Manager (items 11, 14, 16 and 17)
John Gilchrist, Manager, Audit Quality and Appointments (item 13)
Stuart Dennis, Corporate Finance Manager (items 15 and 22)
Ian Metcalfe, Corporate Performance Officer (item 16)
Sara Tait, Corporate Support Officer (item 16)
Gemma Diamond, Director of Innovation and Transformation (items 16 and 23)
Elaine Boyd, Director of Audit Quality and Appointments (item 21)
Owen Smith, Senior Manager, Audit Quality and Appointments (item 21)
Parminder Singh, Manager, Audit Quality and Appointments (item 21)
Simon Ebbett, Communications Manager (items 22 and 23)
Michelle Borland, Business Manager, Performance Audit and Best Value (item 23)

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, Quality and Antony Clark, Executive Director of Performance Audit and Best Value and Helena Gray, Controller of Audit and Gayle Fitzpatrick, Corporate Governance Manager joined the meeting.

Apologies were noted from Ronnie Hinds and Alan Alexander.

The meeting was quorate in the absence of the Chair of the Accounts Commission as provided for by paragraph 20 of the Standing Orders and the relevant conditions having been met.

The Chair welcomed attendees to the meeting. The Chair also welcomed Tim McKay, Deputy Chair of the Accounts Commission, who was attending as an observer in the absence of Ronnie Hinds, and from whom the Chair welcomed contributions to the discussions.

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 21 to 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 that there would be no Chair's report due Alan Alexander's absence.

6. Accountable Officer's report – verbal update

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

Stephen noted that internal engagement and publications have continued. He advised that the Courts Backlog audit report had been published and that a briefing session at Public Audit Committee would take place on Thursday 8 June. Stephen also noted the publication of the joint report with Accounts Commission on Early Learning and Childcare and the section 22 report on South Lanarkshire College. He also advised that the final section 22 of 2021/22 on Scottish Canals would be published next week and that Public Audit Committee briefings on all reports would be held before Scottish Parliament's summer recess.

In relation to external engagement, Stephen invited members to note that Antony Clark recently attended the Finance and Public Administration Committee as part of the inquiry into Scottish Government's progress on public service reform. Stephen advised of an introductory meeting with the Deputy First Minister to discuss progress on public service reform and the fiscal framework and that he and Vicki Bibby had attended the UK and Republic of Ireland Auditors General meeting in Cardiff to discuss approaches to auditing climate change and various areas of common interest across the five jurisdictions. Stephen had also recently attended the Scottish Council for Development and Industry (SCDI) Forum dinner.

Stephen invited the Board to note that, following a submission to the Scottish Covid-19 public inquiry, Audit Scotland had also responded to a request for reports from the UK Covid-19 public Inquiry.

In terms of upcoming activity, Stephen highlighted that he would speaking at the CIPFA Scotland Annual Conference taking place in September and he also recorded his congratulations to John Cornett who has been appointed Vice Chair of CIPFA in Scotland.

Following discussion, the Board welcomed the update and echoed their congratulations to John Cornett.

7. Accounts Commission Chair's report – verbal update

Tim McKay advised that Ronnie Hinds has commenced post as Interim Accounts Commission Chair with effect from 6 June 2023.

Tim noted that the Accounts Commission's Strategy Day was being held on 7 June.

Following discussion, the Board welcomed the update.

8. Review of minutes

Board meeting: 23 May 2023

The Board noted the minutes of the Board meeting of 23 May 2023, copies of which had been previously circulated.

Subject to a minor amendment to those in attendance, the Board noted the minutes were an accurate record of the meeting.

ASB220: *Amendment to be made to listed attendees.*

9. Review of action tracker

The Board noted 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. As part of his update, Martin advised the World Health Organisation has downgraded Covid-19 as being of international significance and that Public Health Scotland would be reducing the frequency of reporting against various indicators. It was noted that Audit Scotland would continue to monitor public health and internal statistics and bring issues to the attention of the Board as and when required.

Following discussion, the Board noted the update.

11. 2022/23 Annual report: Audit Committee

Colin Crosby introduced the 2022/23 Annual Report: Audit Committee, copies of which had been previously circulated, and which had been recommended to the Board by the Audit Committee at its meeting that morning.

The Board was invited to note the contents of the report.

Following discussion, the Board noted the content of the report as per the discussion at the Audit Committee (item 14) which had preceded the Board meeting.

12. Review of Remuneration and Human Resources Committee (Remco) performance

Jackie Mann introduced Review of Remuneration and Human Resources Committee (Remco) performance, copies of which had been previously circulated.

The Board was invited to consider the contents of the report for their assurance.

During discussion, members noted the report had been recommended to the Board by the Remuneration and Resources Committee meeting on 16 May 2023.

Following discussion, the Board noted the content of the report.

13. Policy on the provision of Non-Audit Services by Audit Scotland's external auditor

John Gilchrist, Manager, Audit Quality and Appointments joined the meeting.

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

The Board was invited to approve the policy.

During discussion, the Board noted that there were no substantive changes to the policy and noted one minor change where the example of audit related non-audit services had been changed as the previous example was deemed unlikely to arise.

Following discussion, the Board approved the policy on the provision of Non-Audit Services by Audit Scotland's external auditor.

John Gilchrist left the meeting.

14. Governance statement and certificate of assurance 2022-23

Gayle Fitzpatrick introduced Governance statement and certificate of assurance 2022-23, copies of which had been previously circulated, and which had been recommended to the Board by the Audit Committee at its meeting that morning.

The Board was invited to note the Audit Scotland certificate of assurance as part of the annual assurance process.

During discussion, the Board noted that John Cornett, Antony Clark and Martin Walker were satisfied with the arrangements, as signatories to the certificates of assurance and that Kenny Oliver will become a signatory for I&Q business group next year.

Following discussion, the Board noted the Audit Scotland certificate of assurance as part of the annual assurance process as per the recommendation of the Audit Committee (at item 7) at the Audit Committee meeting which preceded the Board meeting.

15. Audit summary report for the year ended 31 March 2023

Stuart Dennis, Corporate Finance Manager joined the meeting.

Stuart Dennis introduced Audit summary report for the year ended 31 March 2023, copies of which had been previously circulated, and which had been considered by the Audit Committee at its meeting that morning.

The Board was invited to note the Audit Summary report for the year ended 31 March 2023.

During discussion, the Board noted the adjustments made to the financial statements and an update in relation to articulation of pension assets from the Audit Committee meeting which preceded the Board meeting.

Stuart invited the Board to note the methodology used for the pension asset and the pension asset ceiling in accordance with IAS19 and IFRIC 14.

Following discussion, the Board noted the Audit Summary report for the year ended 31 March 2023 as per the discussion at Audit Committee (item 8) which preceded the Board meeting.

Stuart Dennis left the meeting.

16. Q4 Corporate performance report

Ian Metcalfe, Corporate Performance Officer, Sara Tait, Corporate Support Officer and Gemma Diamond, Director of Innovation and Transformation joined the meeting.

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

The Board was invited to:

- Review the performance in Q4
- Consider the issues affecting performance, the actions identified and whether any additional management action is required.

During discussion, the Board was invited to note that audit delivery is rated as red due to the ongoing challenges to return to pre pandemic delivery dates. The Board also noted that 99% of all 2021/22 financial audit and performance reports had been delivered in 2022/23.

During discussion, the Board noted ongoing discussions within Audit Scotland on audit / non-audit time / non-work time and noted that this will be reported back to the Board.

In relation to people establishment, John Cornett confirmed that recruitment for Senior Auditors and Graduate Trainees had taken place in Audit Services to increase establishment. There is further work ongoing to increase Audit Services establishment to reflect the challenges in bringing delivery back to pre-pandemic dates, reflect the increased number of audits compared to previous years and to maintain the quality of work delivered. This work is set in the context of the wider approach to resourcing across the organisation, reflecting the challenges in PABV, I&Q and CSG.

In relation to clarity on targets, it was noted that there will be targets in place for most KPIs. Targets not met will be discussed at PRMG in connection with discussions around the risk register.

Following discussion, the Board noted the Q4 Corporate performance report.

Ian Metcalfe, Sara Tait and Gemma Diamond left the meeting.

17. Review of corporate governance policies

Martin Walker and Gayle Fitzpatrick introduced Review of corporate governance policies, copies of which had been previously circulated.

The Board was invited to approve the updates to the Standing Orders, Financial Regulations, Scheme of Delegation.

During discussion, members noted the updates reflected the addition of the role of Controller of Audit to the Audit Scotland Executive Team.

Following discussion, the Board approved the updates to the Standing Orders, Financial Regulations, Scheme of Delegation.

Gayle Fitzpatrick left the meeting.

18. Any other business

There was no other business for discussion.

19. 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.

20. Date of next meeting: 26 September 2023

The members noted the next meeting of the Audit Scotland Board is scheduled for 26 September 2023.

Items taken in private

21. Quality of public audit in Scotland

Elaine Boyd, Owen Smith and Parminder Singh joined the meeting.

Elaine Boyd introduced Quality of public audit in Scotland, copies of which had been previously circulated.

The Board was invited to approve the Quality of public audit in Scotland annual report 2022/23 for publication as part of the suite of annual reports.

During the discussion, the Board noted that this is the report had previously been considered by the Executive Team, Audit Committee and the Accounts Commission. The Board noted that the Audit Quality and Appointments (AQA) will follow up on any improvement action plans in the Audit Quality Interim Report in November.

In relation to the recommendations, the Board was invited to note that I&Q will collate all improvement points from external and internal reviews and work I&Q have done and that AQA will follow up independently in the November interim report.

In relation to a query at appendix 1 on grading of conclusions, the Board noted that this would be reviewed in the refresh of the Audit Quality Framework and considered for future QPAS reporting.

Following discussion, the Board approved the Quality of Public Audit in Scotland annual report 2022/23 for publication as part of the suite of annual reports.

Elaine Boyd, Owen Smith and Parminder Singh left the meeting.

22. Audit Scotland annual report and accounts 2022/23

Stuart Dennis re-joined the meeting.

Simon Ebbett, Communications Manager joined the meeting.

Stuart Dennis and Simon Ebbett introduced Audit Scotland annual report and accounts 2022/23, copies of which had been previously circulated.

The Board was invited to approve the draft Annual report and accounts for the year ended 31 March 2023 and recommend that the Auditor General for Scotland, being Accountable Officer of Audit Scotland, sign the accounts on Monday 12 June 2023.

During discussion, the Board noted that Executive Team members and Martin have been involved at various drafting stages and are content with the Audit Scotland annual report and accounts 2022/23.

The Board gave thanks to Stuart and Simon for their work on the annual report and accounts 2022/23.

The Board approved the Annual Report and Accounts subject to the articulation of an item in relation pension assets as discussed at the Audit Committee earlier that day.

Stuart Dennis left the meeting.

23. Our purpose workstream: Public Audit in Scotland and Corporate Plan

Gemma Diamond re-joined the meeting.

Michelle Borland, Business Manager, Performance Audit and Best Value joined the meeting.

Michelle Borland introduced Our purpose workstream: Public Audit in Scotland and Corporate Plan, copies of which had been previously circulated.

The Board was invited to:

- discuss the changes made, primarily to the performance measurement framework
- and agree the final version of the Corporate Plan.
- note that the development of the underpinning operational measures for the new performance measurement framework is ongoing, and we will continue to update the Board on this through regular performance reporting.

During discussion, Michelle invited the Board to note the changes to the performance measurement framework – reduced to 12 measures from 17 - and that the development of the underpinning operational measures is ongoing.

The Board was invited to note the change on page 8 in relation to Strategic priorities where the fifth strategic priority 'Insights' has since been amended to 'Insights driving innovation and improvement'.

Following discussion, the Board approved the Corporate Plan.

Simon Ebbett, Michelle Borland and Gemma Diamond left the meeting.

Minutes

Audit Committee



Tuesday 6 June 2023, 10.00am

Audit Scotland, 102 West Port, Edinburgh / MS Teams

Present:

C Crosby (Chair)
J Mann

Apologies:

Alan Alexander, Chair, Audit Scotland Board
Ronnie Hinds, Interim Chair of the Accounts Commission
Graham Gillespie, Wylie & Bisset

In attendance:

S Boyle, Accountable Officer and Auditor General for Scotland
V Bibby, Chief Operating Officer
M Walker, Director of Corporate Support
G Fitzpatrick, Corporate Governance Manager
S Dennis, Corporate Finance Manager
D Jeffcoat, Alexander Sloan
J So, Alexander Sloan
S Pringle, Wylie & Bisset
K Oliver, Executive Director of Innovation & Quality
P O'Brien, Director of Quality and Support
S Burgess, Head of HR
S Kewley, Business Support Manager
C Calder, Audit Director, PABV
D Santhakumaran, Senior Manager, PABV

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.

3. Declarations of interests

There were no declarations of interest.

4. Minutes of the last meeting: 16 May 2023

The Audit Committee members reviewed and agreed the minutes of the 16 May 2023 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 noted that action 158AC relating to risk A4, failure of delivery had been reframed for the May Risk Register to highlight the impact of internal and external factors. Further opportunity to discuss the risk register at agenda item 10 was noted.

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

6. Internal audit annual report 2022/23

Stephen Pringle, Wylie & Bisset introduced the internal audit annual report 2022/23, copies of which had been previously circulated.

Stephen advised the internal auditor provides the Audit Committee with an annual opinion on the adequacy and effectiveness of Audit Scotland's risk management, control and governance processes.

Stephen advised that Audit Scotland has proper arrangements in place to promote and secure value for money, efficiency and effectiveness.

The members discussed the report noting the clarity of first year reporting from Wylie & Bisset. They welcomed the added value from benchmarking in the reports and assurance they provide.

The Audit Committee noted the internal audit annual report 2022/23 and thanked Stephen and Graham for their work.

7. Governance statement and certificate of assurance 2022/23

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

Gayle advised that the review process provided positive assurance on controls across all business groups. The members noted evidence of the robust reporting in place and acknowledged that next year Innovation & Quality (I&Q) will be included in the reports.

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

Kenneth Oliver, Executive Director of Innovation and Quality and Paul O'Brien, Director of Quality and Support joined the meeting.

8. External audit letter and opinion on financial year 2022/23

David Jeffcoat of Alexander Sloan introduced the external audit letter and opinion of financial year 2022/23, copies of which had been previously circulated.

David advised the letter of representation was a standard document and was similar to last year. David noted the audit issue regarding the calculation of an asset ceiling to comply with new accounting standards, IAS19 and IFRC14 as regards pensions.

The members discussed the reporting of Audit Scotland's position in respect of the pension balance in the financial statements. David noted it was a technical accounting point regarding reporting and agreed it would be helpful to get a confirmed position from CIPFA. This action was agreed to be taken forward by Kenneth Oliver and Paul O'Brien.

The members agreed an explanation in the "disclosure in financial statements" section would be appropriate and transparent. The position was agreed subject only to a potential modification should the awaited CIPFA ruling be in direct conflict with what was agreed.

The Chair and the Finance Manager agreed to meet to agree future presentation of this information for the organisation.

Stephen Boyle, Accountable Officer and Auditor General for Scotland will sign the accounts on Monday 12 June 2023.

The members noted the external audit letter and opinion on financial year 2022/23 and welcomed a confirmed position regarding the pension balance figure in the financial statements.

ACTION: 161AC Kenneth Oliver and Paul O'Brien to establish a confirmed position regarding reporting the pension balance figure, and to inform members of where discussions have reached.

ACTION: 162AC Colin Crosby and Stuart Dennis agreed to meet before the next Audit Committee meeting on 5 September to discuss future presentation of the accounts in respect of pensions.

Kenny Oliver and Paul O'Brien left the meeting.

Simon Ebbett, Communications Manager joined the meeting.

9. Draft Audit Scotland Annual report and Accounts 2022/23

Martin Walker, Director of Corporate Support, Stuart Dennis, Corporate Finance Manager and Simon Ebbett, Corporate Communications manager introduced the draft Annual report and accounts 2022/23, copies of which had previously been circulated.

Stuart advised that the outturn in the report was the same as the Q4 figures reported to the Board and Audit Committee in May. Further explanation around IAS19 and IFRC14 was included in the report as well as explanations of movements and changes since last year.

Simon advised that the report set out the performance of Audit Scotland in 2022/23 and provided positive assurances about the impact of the audit work over the past year and the governance arrangements in place.

The Audit Committee members discussed various aspects of the report and accounts. Some minor final edits, relating to the Accounts Commission were agreed. The members discussed some suggested changes for next year's report noting that a summary snapshot of the report would be welcome.

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

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

Simon Ebbett left the meeting.

10. 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 noted that while risk A3, failure of audit quality, remains amber it has reduced in light of the findings of the Quality of Public Audit in Scotland (QPAS) and Transparency Reports which were considered by the Audit Committee at its meeting on 16 May 2023.

Martin noted risk A9 was a new risk covering the importance of an effective working relationship with the Accounts Commission.

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

11. Report on progress with Internal Audit recommendations

Gayle Fitzpatrick, Corporate Governance Manager introduced the progress with Internal Audit recommendations report, copies of which had been previously circulated.

Gayle advised that the report provides members with an update on the implementation of internal audit report recommendations. The report did not reference recommendations made in reports shared with the Audit Committee at the May meeting due to timing.

The Audit Committee members noted the progress on the implementation of outstanding audit recommendations.

12. Annual report on Health, Safety and Wellbeing 2022/23

Susan Burgess, Head of Human Resources and Sharon Kewley, Business Support Manager joined the meeting.

Susan Burgess, Head of HR introduced the annual report on Health, Safety and Wellbeing 2022/23 report, copies of which had been previously circulated.

Susan advised that the focus will be taking forward the actions that are identified in the report. Audit Scotland will be working closely with an organisation called Headtorch who will be delivering mental health training. They will take a holistic review of all sources of information gathered in these sessions which will provide intelligence and direction for the organisation.

The members noted the report is more appropriate to the Remuneration and Human Resources Committee (Remco) but it comes to the Audit Committee as a result of the timing of the meetings. The members agreed it would be worth considering the timings for 2024.

The Audit Committee members noted the annual report on Health, Safety and Wellbeing 2022/23.

Susan Burgess and Sharon Kewley left the meeting.

13. Annual report on Correspondence and Whistleblowing

Carol Calder, Audit Director, Performance Audit and Best Value and Dharshi Santhakumaran, Correspondence Manager joined the meeting.

Carol Calder, Audit Director introduced the annual report on Correspondence and Whistleblowing, copies of which had been previously circulated.

Carol noted the increase in correspondence, with volumes growing by a third from the previous year. It was noted that may be attributed to the higher expectations of public bodies, correspondence generated by some audit reports and ongoing correspondence from some individuals. It was noted that the increase in volume of correspondence is being managed and all performance targets continue to be met.

It was acknowledged that the increase in volume reflects positively on the visibility and profile of the audit work. There has been no significant change in the themes of correspondence received during 2022/23.

The Audit Committee noted the annual report on Correspondence and Whistleblowing and thanked the team for meeting the performance targets.

Carol Calder and Dharshi Santhakumaran left the meeting.

14. Annual report from the Chair of the Audit Committee to the Board.

The Chair of the Audit Committee introduced the annual report from the Chair of the Audit Committee to Board, copies of which had been previously circulated.

The Audit Committee members were satisfied with the report and agreed it provided a comprehensive summary of the committee's work in 2022/23.

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

15. Any other business

There were no items of other business.

16. 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.

17. Date of next meeting

The next meeting of the Audit Committee is scheduled for 5 September 2023.

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

DRAFT

Board actions

Tracker 2023

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	01/09/2023	Jillian Matthew	Jillian Matthew	Complete		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
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	01/05/2023	Martin Walker	Martin Walker	Complete		Lessons Learned report will be issued to Board members late May 2023. Paper issued to Board members 4 September 2023
ASB203	Board	11	Strategic Improvement Programme Review	additional indicative timelines and metrics detail for next report	04/04/2023	01/09/2023	Kenny Oliver	Gemma Diamond	Ongoing		Noted for the next update report due to September Board meeting.
ASB208	Board	20	External Engagement	Provide alternative options on survey options	04/04/2023	01/09/2023	Kenny Oliver	Simon Ebbett	Complete		Confirmed September Board meeting for proposal
ASB209	Board	20	External Engagement	Accounts Commission stakeholder survey results to a future meeting	04/04/2023	01/09/2023	Kenny Oliver	Simon Ebbett	Complete		Confirmed September Board meeting to share results
ASB210	Board	21	Estates Strategy Update	Detailed costings on length of Glasgow lease	04/04/2023	01/09/2023	Martin Walker	Stuart Dennis	Complete		Scheduled for September Board meeting in planner
ASB211	Board	8	Review of draft minutes: Board meeting: 4 April 2023	Amendment to be made at item 6 as highlighted by Stephen Boyle.	23/05/2023	01/05/2023	Stephen Boyle	Stephen Boyle	Complete		Minutes updated
ASB212	Board	10	Health, Safety and Wellbeing - verbal update	Executive team to review how we capture Covid information in our time recording.	23/05/2023	01/06/2023	Martin Walker	Martin Walker	Ongoing		Work ongoing - September 2023
ASB213	Board	11	2022/23 Annual report on information governance and security	Gayle Fitzpatrick to make the identified amendment at paragraph 5 in the 2022/23 annual report on information governance and security.	23/05/2023	01/05/2023	Gayle Fitzpatrick	Gayle Fitzpatrick	Complete		Report updated and finalised for publication

Ref	Forum	Agenda item no	Item title	Action description	Meeting date	Due date	Responsible	Assigned to	Complete/ongoing	Reported Yes/No	Progress notes
ASB214	Board	12	2022/23 Annual report on complaints	Confirm to the Board, the date of the last revision to the complaints handling procedure.	23/05/2023	01/05/2023	Gayle Fitzpatrick	Ian Metcalfe	Complete		The Complaint Handling process was last updated in 2020 in line with the Model Complaints handling process from the SPSO. The Annual report on complaints that went to Board in May included in Paragraph 5 references to the updates in 2014 and 2018 and then para 6 explains it was further updated in September 2020.
ASB215	Board	13	2022/23 Annual report on Freedom of Information and Environmental Information	Undertake a review of the process by which we reject FOI requests on the basis of cost.	23/05/2023	01/09/2023	Gayle Fitzpatrick	Gayle Fitzpatrick	Complete		Following the Board Meeting a meeting was held with the executive Director of I&Q. Procedures were reviewed and found to be in line with statutory requirements.
ASB216	Board	13	2022/23 Annual report on Freedom of Information and Environmental Information	Ensure the Accounts Commission receive relevant FOI reporting statistics going forward.	23/05/2023	01/06/2023	Gayle Fitzpatrick	Gayle Fitzpatrick	Complete		From Quarter one 2023/24 Freedom statistics will be broken down to identify Audit Scotland, Accounts Commission and Auditor general for Scotland
ASB217	Board	16	Staff handbook policy review	Susan Burgess to make the minor amendment identified on P6 of the Bullying & Harassment Policy	23/05/2023	01/05/2023	Susan Burgess	Susan Burgess	Complete		Report updated and finalised for publication
ASB218	Board	21	Our purpose workstream: Public Audit in Scotland and Corporate Plan	Michelle Borland, Gemma Diamond and Simon Ebbett to give consideration of the use of language to ensure fully accessible.	23/05/2023	01/06/2023	Michelle Borland	Michelle Borland	Complete		Documents went through our usual desktop publishing process where they were proofread in line with our house style and accessibility requirements. We also shared the drafts with a range of colleagues at all levels of the organisation, asking them for feedback on clarity and accessibility of language. We took this feedback on board as part of final editing
ASB219	Board	21	Our purpose workstream: Public Audit in Scotland and Corporate Plan	Michelle Borland, Gemma Diamond and Simon Ebbett to review the existing KPI's in the Corporate Plan with a view to reducing these for further discussion and approval at the 6 June Board meeting.	23/05/2023	01/06/2023	Michelle Borland	Michelle Borland	Complete		Amended Corporate Plan at June 2023 Board meeting

Ref	Forum	Agenda item no	Item title	Action description	Meeting date	Due date	Responsible	Assigned to	Complete/ongoing	Reported Yes/No	Progress notes
ASB220	Board	8	Review of draft minutes: Board meeting: 23 May 2023	Amendment to be made to attendees	06/06/2023	01/06/2023	Martin Walker	Miranda Nicoll	Complete		Amendment made to approved minutes.

Strategic Improvement Programme: Update

Director of Innovation and Transformation and Head of Organisational Improvement

Purpose

1. This report updates the Board on progress with the Strategic Improvement Programme, following the Board agreeing the refreshed SIP in April 2023 and SIP Board meetings in June 2023 and September 2023.

Recommendations

2. The Board is invited to:
 - Note decisions the SIP Board has taken on the mix of projects in the SIP and alignment of the SIP with the new corporate plan and emerging business plan.
 - Note the programme update provided in Appendix 1 and ambitions to improve the overall project and programme management approach for the SIP.

Background

3. In April 2023 the Audit Scotland Board [agreed the refreshed SIP](#). The purpose of the SIP is to provide a framework for transformational change projects to receive more capacity, scrutiny and direction to ensure that we deliver on our corporate plan strategic priorities and the outcomes in Public Audit in Scotland. By transformational change we mean:
 - Change that evolves the basic structure of our business – our strategy, culture, structure or processes – and leads to a fundamental shift in how we operate, completely reshaping the organisation.
 - Transformational change is often pursued to address major concerns, challenges or risks we are facing. It can be sudden and dramatic, like changes to ways of working during the Covid-19 pandemic. Or it can be planned out over a longer period, like how we aim to approach audit modernisation.
4. The agreed criteria for SIP projects are as follows:
 - The actions and intended outcomes impact more than one business group.
 - The projects intend to deliver transformational change, not just business as usual.
 - Intended outcome will require a significant change in approach, skills, and resources.
 - Intended outcome is critical to the achievement of the corporate plan.
 - Activity can be framed as a project with appropriate measurement criteria.
 - Activity is a SIP board priority.

SIP project mix and alignment with corporate plan and business plan

5. At its June 2023 meeting the SIP Board reviewed project updates on the seven projects agreed as part of the SIP review: Accounts Commission Change Programme, Developing Hybrid Working, Electronic Working Papers, Insights, Longer-term estates strategy, One organisation working, Partnership Working Framework.
6. At its June 2023 and September 2023 meetings the SIP Board considered how the SIP is supporting delivery of the corporate plan strategic priorities and Public Audit in Scotland outcomes, and its role in improving direction, scrutiny and capacity for key projects emerging through the operational planning process. The aim is to ensure the SIP has the right level of ambition to deliver the required change and transformation.
7. The SIP Board's discussions have centred around which projects will deliver genuine transformational change versus which projects are more adaptive, delivering smaller, incremental changes to how we run our business (more 'business as usual' than transformational). The SIP Board agreed it needed to make good use of the range of governance mechanisms in place to manage these different projects, including Executive Team, Leadership Group and the new operational planning process.
8. Through its June and September meetings the SIP Board has agreed the SIP should focus on a smaller a number of projects. These are summarised in Table 1.

Table 1: Current SIP projects

Project	Summary
Audit modernisation project	Deliver a transformed audit approach that is clearly defined, risk-based and data driven, to ensure compliance, quality and efficiency; delivered through integrated auditing software and tools that automate and standardise processes.
Integrated resourcing and performance information	<p>Develop an integrated resourcing model, initially covering operational and technical support to business groups (ASG, PABV and I&Q), and looking to expand to encompass Corporate Services as appropriate.</p> <p>Scope the requirements and costs for a new resource allocation and organisational performance information system to ensure we have the right data and intelligence to support our understanding of feedback on colleague stress and resourcing pressures, and to deliver an efficient and impactful service.</p>
Insights	<p>Gather excellent intelligence to:</p> <ul style="list-style-type: none"> • support agility • improve decision making • drive continuous improvement and innovation • promote the value of public audit

9. The programme update in Appendix one summaries progress with the audit modernisation project and the insights project as they were agreed SIP projects at its meeting in June 2023. At the meeting in September 2023 the SIP Board agreed to add the integrated resourcing and performance information project as a new project.
10. Both the audit modernisation and insights projects were assessed as amber by the SIP programme management team. This is largely due to capacity constraints to deliver the planned project milestones. At its meeting in September 2023 the SIP Board agreed to the following:
 - Releasing 2 x Band 2 posts from ASG to I&Q to support the review and implementation of the audit approach, including the development of supporting guidance and training.
 - Releasing funding from management contingency in 2023/24 to bring in short-term project management expertise for both the audit modernisation project and the integrated resourcing and performance information project. We will draw on this expertise to support us to develop the SIP programme and project management framework.
 - Discuss with the Board a case for additional funding from SCPA to procure additional specialist skills (project management/change management) to support the delivery of the project. This year's budget bid to SCPA to also set the ground for the Audit Modernisation project and the likely additional resource requests (capital or otherwise) to support the new software element of the project.
 - Internal discussions about ring-fencing Band 2 resource within PABV and ASG to support delivery of the insights project's impact strand.

Project management for SIP projects

11. We are committed to developing a consistent and appropriate project management framework and tools for SIP projects to ensure they integrate change management principles and have the scrutiny they need to deliver our change ambitions. This will allow for flexibility in the project management approach, depending on the nature of the project.
12. We have made progress on project management since the April Board with improved information on project planning, including milestones and delivery dates, improved risk assessment and information on lessons learned.
13. There is further work to do around the overall approach to project management to ensure it is sophisticated enough to provide the level of assurance and scrutiny the SIP Board requires for SIP projects. This includes setting out the resource requirements of projects and reporting on project costs versus budget, more detail on project milestones and risks, as well as performance monitoring, communications planning and stakeholder management.

SIP criteria review

14. At the April Audit Scotland Board meeting we noted that the criteria for SIP projects would be subject to periodic review to ensure appropriate projects were being captured and included. We proposed that the first review would be after six months, which is now. Having used the current criteria in June and in September to frame discussions and support decisions about what should be part of the SIP, and to analyse how well the SIP reflects

corporate plan and business plan priorities, our view is that the current criteria (outlined on slide 2 of Appendix one) are fit for purpose. We propose these are subject to annual review and this should be timetabled for the April 2024.

Conclusion

15. The SIP Board has had two meetings since the Audit Scotland Board signed off the refreshed SIP. It continues to review and challenge the project mix in the SIP according to the agreed criteria and take decisions to ensure adequate capacity and direction for SIP projects. The operational planning process has identified one new project to add to the SIP (integrated resourcing and performance information). The SIP programme management team continues to develop the project management framework for SIP projects to improve scrutiny. The next SIP Board meeting is in December and we will bring a further update to the Board in January.

SIP Board: Current projects update

26 September 2023

Purpose

To provide a framework for transformational change projects to receive more capacity, scrutiny and direction to ensure that we deliver on our corporate plan strategic priorities and the outcomes in Public Audit in Scotland.

Criteria for SIP projects

- The actions and intended outcomes impact more than one business group
- The projects intend to deliver transformational change, not just business as usual
- Intended outcome will require a significant change in approach, skills, and resources
- Intended outcome is critical to the achievement of the corporate plan
- Activity can be framed as a project with appropriate measurement criteria
- Activity is a SIP board priority

Vision and intended outcomes: Audit modernisation

Vision	Intended outcomes
<p>A transformed audit approach that is clearly defined, risk-based and data driven, to ensure compliance, quality and efficiency; delivered through integrated auditing software and tools that automate and standardise processes</p>	<ul style="list-style-type: none">• Our audit approach is risk-based, effective and can be delivered efficiently.• Our audit approach, audit software and digital tools:<ul style="list-style-type: none">○ Support our quality framework and ambitions.○ Are fit for audit now and in the future, and we have sustainable and efficient ways of updating them.• The supporting software is interoperable and enables efficient and automated processes, analysis and documentation where appropriate.• Our staff are supported and empowered to deliver new ways of working.• Our organisation reflects the skills, capacity and grade mix required to deliver our new approach to audit.

Vision and intended outcomes: Insights

Vision	Intended outcomes
<p>Gather excellent intelligence to:</p> <ul style="list-style-type: none">• support agility• improve decision making• drive continuous improvement and innovation• promote the value of public audit	<ul style="list-style-type: none">• We have a holistic approach to impact monitoring, evaluation and reporting in place, looking at all audit work as well as stakeholder perceptions and awareness of public audit.• We have better coordinated intelligence from impact evaluation, horizon scanning and stakeholder engagement driving our decision-making, innovation and improvement.

Progress and upcoming milestones: Audit modernisation

Project status:  Amber – Progressing and additional management action required

Latest progress (June to August)

- Started discussions with ASG and PABV audit approach and digital audit leads to establish potential resource requirements and timescales.
- Identified areas for improvement in PABV audit approach, including to meet new ISQM standards.
- Continued roll out of Asc with 35 audits now Ac-enabled.
- Started market research, holding discussions with the NAO, Audit Wales and the Queensland Audit Office to understand how they approached similar projects.

Upcoming milestones (September to December)

- Deliver planned audit approach improvement projects including updated guidance and programmes, as part of iterative improvement approach (October 2023).
- Conclude ISA 315 post project implementation review and feed action plan and lessons learned into AMP (October 2023).
- Complete project initiation phase including finalising market research, establishing governance and project management arrangements and resource requirements. This will culminate in a project initiation document. (December 2023).
- Collect feedback from auditors on Asc to support improvements and inform AMP requirements building process (December 2023).

Progress and upcoming milestones: Insights

Project status:  Amber – Progressing and additional management action required

Latest progress (June to September)	Upcoming milestones (September to December)
<ul style="list-style-type: none">• Finalised and issued guidance for performance audit teams on developing recommendations.• Delivered impact evaluation report for Public Audit Committee business planning day.• Proposed core performance metrics to monitor progress with insights project.• Refreshed stakeholder mapping undertaken for Public Audit in Scotland project and proposed stakeholder research options for ET and Board to consider.	<ul style="list-style-type: none">• Launch impact monitoring and evaluation pilot in ASG (Planned for August 2023, delayed to September 2023 due to resource constraints in I&Q and ASG.)• Deliver six-monthly impact report for AGS and Accounts Commission (Planned for August 2023, delayed to October 2023 due to resource constraints in I&Q.)• Develop data collection methods for project performance monitoring (October 2023).• Pilot new post-audit review stakeholder feedback mechanisms in PABV (Planned for August 2023, delayed to October 2023 due to resource constraints in I&Q.)• Finalise and issue guidance for performance audit teams on following up on recommendations (November 2023).

Risk summary: Audit modernisation

Summary of risk	Net score	Mitigation and further planned actions
<p>The continued use of Pentana carries cyber security and data storage risks. The system is unlikely to be supported long-term.</p>	15	<p>Upgrading to Pentana Cloud will mitigate the current security and data risks and the functionality may meet our needs better in the short term although it is likely to require more training.</p> <p>Longer-term it is unlikely to support changes to financial audit approach and is unlikely to be compatible with performance audit. This is why we need to explore other options through this project.</p>
<p>We do not have adequate resource to deliver the planned activity within the audit modernisation project. We will need to pause planned activity and there will be delays to planned milestones.</p>	20	<p>Business planning discussions with Leadership Group support the transfer of resource from audit business groups to the project. The timing, allocation and mechanism for this need to be agreed which may lead to delays.</p> <p>SIP board agreed procurement of short-term resource in this financial year to support the development of a project management framework and develop a project initiation document. Also agreed to make case for additional funding for investment in specialist skills and capacity over life of project.</p>

Risk summary: Insights

Summary of risk	Net score	Mitigation and further planned actions
<p>We do not have adequate resource to deliver the planned activity within the insights project. We will need to pause planned activity and there will be delays to planned milestones.</p>	15	<p>Priority has been given to resourcing key milestones related to impact. The SIP Board agreed the need to prioritise allocation of internal resources, and discussions are to be taken forward with PABV and ASG about retaining the support from the Band 2A PABV Policy and Information Officer and allocating some dedicated Band 2B (business managers) resource.</p> <p>Impact milestones have been prioritised over other insights activity (stakeholder engagement and horizon scanning strands), which will commence upon the availability of the necessary capacity.</p>

Human Rights Based Approach update

Purpose

1. This report sets out an update on our work implementing a human rights-based approach since March 2023.

Recommendations

2. The Board is invited to:
 - Note the activity we have completed since March and current priorities.
 - Note the Scottish Government consultation on a new Human Rights Bill for Scotland, the areas of focus for Audit Scotland, and what it might mean in practice.

Background

3. In March 2023 we circulated an update to Board members on our approach to taking a human rights-based approach. This approach is about using international human rights standards to ensure that people's human rights are put at the centre of policies and practice. A human rights-based approach empowers people to know and claim their rights. It increases the ability of organisations, public bodies and businesses to fulfil their human rights obligations. It also creates solid accountability so people can seek remedies when their rights are violated.
4. The update highlighted that we had undertaken self-assessment workshops and considered how this would apply to internal policies. We are also piloting a human rights approach in a performance audit on digital exclusion. The update highlighted that we would bring a paper to a Board meeting later in 2023 to allow further discussion. The paper is included in Appendix 1.

Considerations

5. We have undertaken a range of work continuing to embed human rights in our internal policies and practices. As well as building human rights considerations into our audit work.
6. The Scottish Government is consulting on a new Human Rights Bill for Scotland which aims to incorporate international human rights standards into domestic law. There will be some implications for the scrutiny role of Audit Scotland, the Accounts Commission, and the Auditor General in relation to monitoring, reporting, and supporting improvement across the public sector. Audit Scotland will also be subject to the duties set out in the Bill framework and required to report on progress in meeting these.
7. As we develop future strategies covering our equalities and human rights ambitions and legislative requirements, we are keen to look holistically at the overall framework to ensure that it is integrated and works together.

Conclusion

8. Implementing a human rights-based approach is an important strand of activity for Audit Scotland. We are making good progress in building it into our internal policies and our audit approach. The landscape is complex and changing and we will keep the Board updated on any significant events.

Human Rights Based Approach – Board update

Gemma Diamond

Jillian Matthew

26 September 2023

- We've started to review our internal policies and how they consider human rights. We developed prompts and trialled them reviewing some HR policies.
- We are considering developing a template and guidance for human rights impact assessments. However, we needed to update our equality impact assessment guidance first. This is currently being finalised and rolled out.
- Next, we will consider how human rights can be incorporated into integrated impact assessments.
- We have been working closely with the Scottish Government's equality mainstreaming team who have recently updated equalities and human rights guidance for the public sector. The team also did a training session with Audit Scotland staff.
- We are building human rights considerations into our audit work and piloting new methodology, e.g. in a performance audit on digital exclusion.
- As we develop a diversity, inclusion and equality strategy we are considering how to integrate human rights into the wider equalities legislative framework that we need to comply with.

- The Scottish Government is [consulting on proposals for a Human Rights Bill](#), which it has committed to passing by May 2026. It will be a phased approach to implementation.
- The Bill aims to incorporate international human rights standards into domestic law in Scotland, including economic, social, and cultural rights (e.g., rights to adequate housing, food, and health), and a right to a healthy environment.
- It will mean all new law and policy will need to be assessed against human rights, public bodies will need to build human rights into their decision making on budgets and services, and people will have access to justice if their rights are not being met.
- This is just the start of an extensive process, which we will continue to monitor as the Bill develops. We will be involved in ongoing discussions with a wide range of stakeholders about the content and implications of the Bill framework.

In our joint response to the consultation we have focused on key priorities and our role in public audit, including:

- clear accountability within complex governance arrangements for implementing the Bill
- highlighting existing scrutiny coordination, intelligence sharing, how this has evolved and improved, and Crerar's recommendations on minimising and duplication of scrutiny
- transparent reporting with a focus on outcomes, to assess whether the Bill is delivering the intended benefits
- participation and co-design with rights holders and those with lived experience, and highlighting learning and good practice
- prioritising limited resources and targeting them to where they are most needed to tackle inequalities
- the need for good data and financial information, to effectively measure progress with outcomes but not to be burdensome for public bodies
- the need for strong leadership and collaborative working.

- The Bill proposals are high level. We highlighted where more clarity and detail are needed and where there are likely to be resource and capacity implications.
- There will be some implications for the scrutiny role of Audit Scotland, the Accounts Commission, and the Auditor General in relation to monitoring, reporting, and supporting improvement across the public sector.
- Audit Scotland will be subject to the duties set out in the Bill framework and required to report on progress in meeting these.
- We plan to keep colleagues updated on developments with the Bill and organise awareness raising sessions.
- We will start to consider what resources and skills will be needed and work with the Scottish Government around the support and guidance it can provide.

Q1 Corporate performance report

Corporate Governance Manager

Item 12
Meeting date: 26 September 2023

Purpose

1. This report provides the Board with a review of organisational performance as at quarter one (Q1) 2023/24.

Recommendations

2. The Board is invited to:
 - Review the performance in Q1 set out below and in appendix 1.
 - Consider the issues affecting performance, the actions identified and whether any additional management action is required.

Background

3. The Performance framework and the quarter one report is aligned to the [Audit Scotland corporate plan 2023-2028](#) published in June 2023.
4. The four sections in the slide deck attached as appendix one are:

Section	Strategic Priorities
Summary	
Delivery	Timely and impactful annual audit Dynamic performance audit programme Enhanced audit approaches
Resources	Developing our people and our business
Innovation and learning	Insights driving innovation

5. Further developments in performance reporting are detailed in the final section of this report.

Key messages

6. We want to draw your attention to the following areas.

Performance Overview

7. The graphic below provides a summary of performance.

Summary | Key Measures



Audit delivery

8. Quarter one focussed on the delivery of annual audit plans, NHS accounts and nine Performance and Best Value (PABV) reports. There were no Accounts Commission (Local Government) accounts due in Q1.
9. We delivered 87 per cent of expected outputs in the quarter. Performance improved in Q1 but delivery going forward stays at red as projected performance indicates that delivery targets are not going to be met.
10. At the time of writing, there is one financial audit outstanding from 2021/22. A verbal update on the most up to date position will be provided at the meeting.
11. The issues affecting the delivery of financial audits were [reported](#) in detail to the Board at its meeting on the 24 January 2023. The Board noted the report and agreed the recommended actions to address these issues.
12. 2022/23 financial audits are the first year of the new audit appointments following the procurement process which concluded at the end of 2021. The total size of the Audit Services Group portfolio under the new appointments has increased by 14% when compared to the previous appointment round (159 audits in 2022/23 compared to 139 in 2021/22).
13. Initial calculations at the beginning of Quarter 1 indicated a shortfall in resources required to deliver the work associated with the increased portfolio of 8.5% (2,043 days or approximately 10 FTE's). The actions undertaken during the quarter, to challenge budget assumptions, fill vacant positions, as well as appointing short term temporary staff have reduced the indicative shortfall in resources to approximately 5% (1,192 days or 7 FTE's) as at the end of July 2023.

14. The primary focus for Audit Services in Quarter 1 has been the delivery of health audits and 10 of the 12 Health Boards (83%) were signed off by the 30 June target date. The delays in signing off the remaining two health boards were due to a combination of; issues identified during the audits; poor quality accounts/working papers; the ability of the boards to service the audits and action on the part of the auditor to improve the quality of work on the file and safeguard the integrity of the Independent Auditors Report. Five central government bodies' accounts and two annual audit reports were also signed off in Quarter 1.
15. However, delays in signing off the two NHS audits, combined with issues on other health audits, means that Audit Services has overrun the planned Health resource budget by 6%. When combined with the continued 5% shortfall in required resources this has a knock-on effect on our ability to deliver other audits to planned/target timescales.
16. Overall, Audit Services is currently forecasting the delivery of 62% of 2022/23 audits within target timescales, compared to 51% delivered for 2021/22. The breakdown by sector and customer is set out below:

Forecast delivery by Sector	Forecast delivery by Customer
NHS Bodies – 83% (Actual)	Auditor General – 72%
Central Government – 68%	
Further Education – 88%	
Local Government – 49%	Accounts Commission – 49%

17. Audit Services is forecast to deliver 158 (99%) of all financial statements audits by 31 December 2023 with one Further Education audit forecast to complete in January 2024. However, this position is not without risk and a repeat of the circumstances encountered on health audits summarised above and/or a change in wider environmental factors will lead to a deterioration in the forecast position.
18. Looking beyond the 2022/23 audits, Audit Services has, on paper at least, sufficient resources to deliver its portfolio commitments within a 12-month period. However, the end date of this 12-month period is entirely dependent upon its starting point and inherently assumes a status quo in wider environmental factors. Consequently, given the forecast delivery position for 2022/23 audits, any improvement in delivery against target completion dates for subsequent years requires the portfolio of work to be delivered in a timeframe which is less than 12 months.
19. Recognising that the current fiscal environment severely curtails Audit Services ability to expand its resource base, a series of actions have been initiated to build on work undertaken to date and include:
 - A focus on resourcing flexibilities within current budget envelope
 - A planned review of Audit Services job sizing and structures

- Closer coordination between Audit Services and Innovation and Quality to understand the workload & resourcing impact of changes in audit requirements and expectations
 - Closer coordination between Audit Services and Performance Audit & Best Value in relation to the scope as well as resourcing and delivery of Best Value requirements in local government
 - Identifying and quantifying the impact of a range of options for stopping or pausing wider work to improve the timely delivery of financial statement audits.
- 20.** The risk in relation to delivery was reframed for the May risk register to highlight the impact of external factors, many of which are out with our control, and also internal factors. Delivery in recent years has been impacted by a combination of delays in starting 2021/22 audit work due to the impact of COVID-19, technical issues in the accounts, the impact of resourcing and capacity issues at clients and in Audit Scotland and audited body governance timetables.

Resources and capacity

- 21.** The average WTE number of staff in Q1 was 328.6, against an establishment level 341.1 WTE. This equates to 96.3%. The breakdown by Business Group is included in Appendix 1.
- 22.** Work is ongoing through recruitment campaigns to achieve establishment. We have recently made appointments to a range of posts including, Assistant HR Manager and Senior HR advisor, a Communications Officer and Graphic Designer, senior and trainee auditors, the Secretary to the Accounts Commission and its Policy Manager and Business Managers in ASG and PABV. Recruitment campaigns are currently under way for a range of posts including HR administrator, a Forum Support Co-ordinator, Manager and Assistant Manager posts in I&Q, graduate trainees, and an auditor in PABV.
- 23.** The Executive Team held strategic workshop sessions on 13 and 14 June to inform our new People Strategy and our short and longer-term workforce planning. The strategy will be considered by the Executive Team in October and the Remuneration and Human Resources Committee on 14 November 2022.
- 24.** Work is also well under way in the integrated business, workforce, and budget planning processes with recent meetings of the operational group and a session at the Leadership Group on 29 August 2023.
- 25.** Audit Scotland operational costs were delivered within 24% of budget.

Developments in performance reporting

- 26.** Work continues to refine the performance data and reporting, this includes:
- the increased development of targets, time series data and benchmarking
 - where appropriate performance data to be analysed and presented by customer (AGS and Accounts Commission), provider (ASG and the Firms) and by sector (health, local government, central government, and further education).

- the development of performance measures in relation to innovation, learning and impact.

Q1 Corporate Performance Report

Appendix 1

Summary | Key Measures

Corporate Plan 2023-28: Strategic Priorities

Timely & impactful annual audit
Dynamic performance audit programme
Enhanced audit approaches

Developing our people and our business

Insights driving innovation and improvement

Delivery

Resources

Innovation and learning

Objective	Status	
Audits delivered on time	RED	⬅️
Audits delivered on budget	AMBER	➡️
Audits delivered on time and on budget - Audit focus	AMBER	➡️
Audit quality assurance results	GREEN	➡️
Impact through our work	GREEN	➡️
Progress towards net zero and climate resilience targets	GREEN	➡️
Progress against our equality outcomes	-	➡️

Objective	Status	
Our finances: Spend against budget	AMBER	➡️
Our people: capacity to delivery - Establishment	AMBER	➡️
Our people: capacity to delivery - Cost	GREEN	➡️
Our people: capacity to delivery - Wellbeing	AMBER	➡️
Our people: capacity to delivery - Working across business groups	GREEN	➡️
Our people: right skills - Learning & Development	AMBER	➡️

Objective	Status	
Innovation driving audit transformation	-	➡️
Application of insights to decision-making, audit delivery & organisational change	-	➡️

Not progressing/ significant additional management action required

Progressing and additional management action planned

On target/ no need for additional management action

Measures under development

Summary | Highlights, challenges and actions

Highlights

Delivery

- We delivered 87% of the expected outputs (target 100%).
- 66% of expected outputs delivered on time (target 95%).
- 78% of performance audits have been delivered on time. (target 95%).
- In Q1 Audits/reports were delivered 18% under budget (target +/-5%%).

Resources

- Pay costs 7.3% less than budget
- Absence levels remain low at 0.86 days
- Audit Scotland organisational costs delivered within 24% of budget (target breakeven)
- Exam pass rate for the year to date is 81% (Target 85%)
- We delivered 102 training events with 1,802 attendees

Challenges

Delivery

- Improved performance in Q1 but delivery going forward stays at red as projected performance indicates that delivery targets are not going to be met.

Resources

- Impact of April 2023 pay award is still unknown
- Average number of staff at end of Q1 was 328.6 against an establishment level 341.1 WTE (96.3%)

Actions

- ASG action plan for returning to pre-pandemic delivery schedules within the duration of the current audit appointments
- Continue to recruit to increase staff levels to establishment levels
- Continue to develop Innovation and Learning KPIs

Delivery

Objective

Audits delivered on time and on budget

KPQ

Are audits delivered on **time**?

Target

95% of audits delivered on time



OVERVIEW **RED**

Financial audit

Annual Audit plans

In Q1 we expected to deliver 228 annual audit plans (AAPs). We delivered:

- 201 (88%) Annual Audit plans. 27 are outstanding (AS 9, Firms 18).
- 129 (65%) of the AAPs were on time.

Financial Accounts

In Q1 we expected to deliver 23 NHS accounts . We delivered:

- 19 (83%) NHS Accounts - 4 NHS Accounts are outstanding (AS 2 Firms 2)
- 17 (74%) of the NHS accounts were on time.

Performance Audit

In Q1 we expected to deliver nine Performance Audits. We delivered:

- Nine performance reports of which 78% were on time including:
- Two for the Accounts Commission 100% delivered on time.
- Four for the AGS 50% (2 reports on time 2 late).
- Three joint Accounts Commission/AGS reports - 100% delivered on time.

Objective

Audits delivered on time and on budget

KPQ

Are audits delivered on **time**?

Target

95% of audits delivered on time



Performance, trend and RAG

Audit delivery is rated as red. There was improved performance in Q1 in delivering audits on time, however the RAG status remains at red as the projected performance indicates that delivery will not remain at quarter one levels.

Annual Audit Plans For Accounts Commission

88 (88%) of the Local Government annual audit plans delivered in Q1 (68% of Audit Scotland plans on time & 46% of firms plans on time).

Annual Audit Plans For Auditor General for Scotland

113 (88%) of the NHS, CG and FE annual audit plans have been delivered in Q1 (60% of Audit Scotland plans on time & 46% of firms plans on time).

NHS Accounts 19 NHS accounts delivered in Q1 (9 Audit Scotland and 7 firms)
Improvement on last year when 13 NHS Accounts completed in Q1 (5 AS & 8 Firms)

PABV Audits included two late reports these were section 22 reports for the AGS

Risk

Audit delivery misses statutory deadline
Delay in delivery this year's audit impacts on the ability to deliver future year audits on time

Risk register

The performance affects the following risk in the corporate risk register.

A4 - Failure to deliver audit to deadlines

M2 - Failure of independence, reputation, focus and relevance

Issues / Actions	Actions to improve performance	Who	Timescales	Comment / update
ASG action plan for delivery of financial audits.	The objective of the action plan is to return to pre-pandemic delivery schedules within the duration of the current audit appointment.	ASG	Appointment period	Phased targets are <ul style="list-style-type: none"> 70% delivery of audits within planning guidance timescales by the end of the 2023/24 audits and 95% by the end of the 2026/27 audits.
33% of audits are expected to be delivered after target dates.	Active monitoring of expected completion dates and reasons for delays.	AQA	Monthly	

Objective

Audits delivered on time and on budget

KPQ

Are audits delivered on **budget**?

Target

+/-5% of budget

OVERVIEW **Amber**

The Q1 audit variance of 18% is due to staffing levels being below establishment and the volume of work and associated budgets where audit work is not delivered in line with the anticipated profile.

Recruitment campaigns over the spring for Senior Auditors and Professional Trainees have brought new staff into post. The impact of this in realigning the financial profile against budgeted profile will start to be realised in the Autumn.

Actual costs do not include any pay award, but the budgeted costs do include pay award assumptions. The short-term secondment of staff to AC support and I&Q has also impacted this, reducing the amount of time charged to audits.

The percentage variance is outwith the target of +/-5% and is rated amber as progress is being made on recruitment and delivery of audit.

Budget

Product	Total budget £	AC budget	AGS budget	Total costs £	Variance £	% Variance
Annual audits	3,899,909	2,127,453	1,772,456	3,245,779	654,130	17%
Performance audits	935,760	409,265	510,450	737,455	198,305	21%
Total	4,835,669	2,536,718	2,282,906	3,983,234	852,435	18%

Risk

In Q1 Audits were 18% under budget. This is expected to vary during the year and does not present a significant risk at this time.

Risk register

The performance affects the following risk in the corporate risk register.

A6 – Failure of efficiency and ability to demonstrate value for money

Issues / Actions	Actions to improve performance	Who	Timescales	Comment / update
Budget report across quarters and sectors	We are working to identify a more accurate way to capture budget across the quarters and will work closely with the new business managers to further developing the reporting in this area.	CSG/ ASG/ PABV	Q2	

Objective

Audits delivered on time and on budget

KPQ

Are colleagues **audit focused**?

Target

70% of available time on audit

OVERVIEW **AMBER**

The graph shows the percentage of available time recorded against audit codes and non-audit codes.

Available time does not include leave.

Non audit time includes time codes for:

- Learning & Development
- Improvement Projects
- Business Group Management
- Meetings
- Travel
- Other (including general administration)

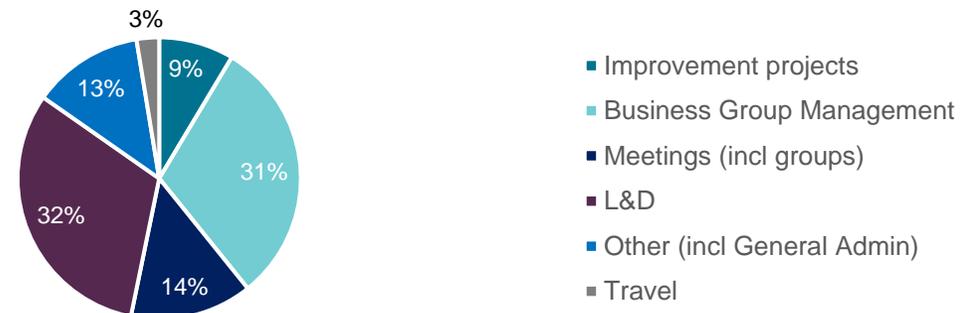
Percentage of colleagues delivering audit:

- ASG 95%
- PABV 73%

Percentage of available time spent on Audit



% Breakdown of non-audit activity for ASG & PABV



Objective

Audits delivered on time and on budget

KPQ

Are colleagues **audit focused**?

Target

70% of available time on audit

Performance, trend and RAG

We are further developing our data collection and analysis in this area.

Non audit time includes time codes for:

Learning & Development, Improvement Projects, Business Group management, meetings, travel and other (including general administration)

Leave time codes include the following:

Annual leave, Public holiday, Flexi leave, Sickness, Medical appointment, Phased return, Maternity/Paternity leave, Compassionate, Secondment, Unpaid leave, Parental, Jury service/ public duties, Career break and Transport disruption.

Risk

Not enough resource is available to deliver Audits on time or to sufficient quality.

Risk register

The performance affects the following risk in the corporate risk register.

A3 – Failure of audit quality ● ⇨

A4 – Failure to deliver audits to deadlines ● ⇨

Issues / Actions	Actions to improve performance	Who	Timescales	Comment / update
The target of 70% of available time spent on Audit	Time Codes are being reviewed to assure they are appropriate, and we will communicate with colleagues to ensure that time codes are used timeously, consistently and accurately	PRMG/ Business Groups	Q2	The new Business Managers starts in Q2 2023. They will take forward actions to improve quality, accuracy and timeliness of data.

Objective

Audit quality assurance results

KPQ

Are we assured about the **quality** of our work?

Target

80% of reviews achieve level 1 or 2 (over a three year period)



OVERVIEW GREEN

During Q1 we published the [Quality of public audit in Scotland annual report 2022/23](#) which identified areas of good practice and areas for improvement.

The institute of chartered accountants in England and Wales (ICAEW) and I&Q jointly delivered the full internal and external cold review programme in 2022/23.

We completed 4 PABV products reviews and 11 financial audit reviews (a combination of in-house reviews and external ones by ICEAW).

The reviewers discussed findings with the audit team and fed relevant actions into the quality improvement action plan. This includes prioritised activities aimed at improving quality within both financial and performance audit.

ICAEW and I&Q delivered a joint quality feedback session in May to summarise findings from the cold reviews. This was a mandatory training session for all ASG and PABV auditors. To support the cold review programme, I&Q facilitated a root cause analysis (RCA) for all audits subject to cold review and presented an RCA summary paper to ASGMT and PABV LT.

In Q1 we also:

- undertook a thematic review of our ISA 315 IT audit approach, with findings issued to eight out of nine audit teams sampled in this programme.
- started a hot file review programme in ASG, with one out of six reviews completed in Q1. This programme will continue until Q4.
- issued a Quality Bulletin to summarise the findings of a thematic review of the Asc data analytics tool.
- issued a new Engagement Quality Review procedure (and guidance) to ASGMT, to support implementation of ISQM 2 and to enhance our quality monitoring arrangements.

Objective

Audit quality assurance results

KPQ

Are we assured about the **quality** of our work?

Target

80% of reviews achieve level 1 or 2 (over a three year period)

Performance, trend and RAG

The Audit Committee considered the [Audit Quality Action Plan](#) at its meeting on 05/09/23.

Progress on Audit Quality is monitored by the Quality and Ethics Committee on a quarterly basis.. The next progress update will be included in the Q2 report.

The Board will consider the Interim Audit Quality Report in November 2023. We will review the impact of the actions taken through year's quality reviews and report on this in Q4 2023/24 and Q1 2024.

Risk

Not enough resource is available to deliver Audits on time or to sufficient quality.

Risk register

The performance affects the following risk in the corporate risk register.

A3 – Failure of audit quality

A6 - Failure of efficiency and ability to demonstrate value for money

Issues / Actions	Actions to improve performance	Who	Timescales	Comment / update
Audit Quality Action Plan	Priority actions include: <ul style="list-style-type: none"> those that will be completed in time for the start of the 2023/24 financial statements audit Enhancements to the Audit Management Framework An integrated quality framework to apply to all PABV products. A root cause analysis exercise 	I&Q, ASG, PABV	Ongoing	Includes reviewing the approach to group audits, improving audit sampling methods, and the audit of shared services and service organisations). Significant quality improvement and audit modernisation activity is undertaken across the organisation, with leadership from I&Q. This includes an improvement action plan that is monitored by the Quality and Ethics Committee and reported to the Executive Team and Audit Committee
Interim Audit Quality Report	Update on quality review findings	AQA	Board – November 2023	

Objective

We engage with stakeholders

KPQ

How are we engaging with stakeholders

Target

Engagement - time series comparison



OVERVIEW GREEN

Stakeholder engagement is rated green. We continue to get our messages out effectively through a variety of means.

- The Auditor General for Scotland top three reports covered by the media included:
 - Climate change: Scottish Government delivery arrangements
 - Criminal courts backlog
 - ELC follow up (joint)The engagements with Auditor General posts = 38,562
- The Accounts Commission top three media items included:
 - Local Government in Scotland 2023
 - ELC Follow-up (Joint)
 - IJB Financial analysis 2021/22The engagements with Accounts Commission posts = 4,176

Engagements with Audit Scotland posts =12,168

- Responses to the Scottish and UK Covid-19 enquiries
- We attended 11 Parliament committees and attended 8 external working groups.
- We responded to 3 consultations on Minimum School hours, Thematic Review of Noninvestment Asset Valuation for Financial Reporting Purposes and the Proposed ISA 500.

Measure	Q1 23/24	Q1 22/23
Consultation responses	5	7
PAC attendance	11	16
External working groups	8	19
Web visits	161,331	153,474
Downloads	102,153	150,271
Media mentions	310	428
Social media engagement	12,168	13,061

Objective

We respond to **enquiries** from the public

KPQ

How are we engaging with stakeholders

Target

95% of enquiries responded to on time

Performance, trend and RAG

- There were no significant changes compared to Q1 last year and the RAG remains green for this measure.
- The top three publications for media coverage were – the audit of the Scottish Government’s climate change arrangements, the Courts backlog audit and the Accounts Commission’s Local Government Overview, which generated widespread national coverage. Other areas included Scotland’s proposed Deposit Return Scheme, National Care Service plans and the replacement ferries
- The Local Government Overview was the most popular report of the quarter (see below) with over 2,270 downloads.

Innovations

- City Region and Growth Deals animation. This animation was used to explain to followers what a City Region and Growth Deal was. It’s had nearly 1,000 views across our Social Media channels so far and will continue to be useful content when speaking about City Region and Growth Deals.

Risk

The risk is to Audit Scotland's reputation if we do not meet statutory targets in responding to stakeholders

Risk register

Performance is part of the Monitoring controls for the following risk in the corporate risk register.

M1– Failure to maximise the value, impact and influence of public audit

Issues / Actions	Actions to improve performance	Who	Timescales	Comment / update
Proposals for stakeholder surveys	Reports to Board and Accounts Commission – September 2023	Comms	September 2023	
Revised Comms & Engagement Strategies for Audit Scotland and the Accounts Commission		Comms	AS strategy – Jan 2024 AC strategy – Mar 2024	

Objective

We communicate with stakeholders

KPQ

How are we responding to enquiries from the public

Target

Communication - Better than 95% on time

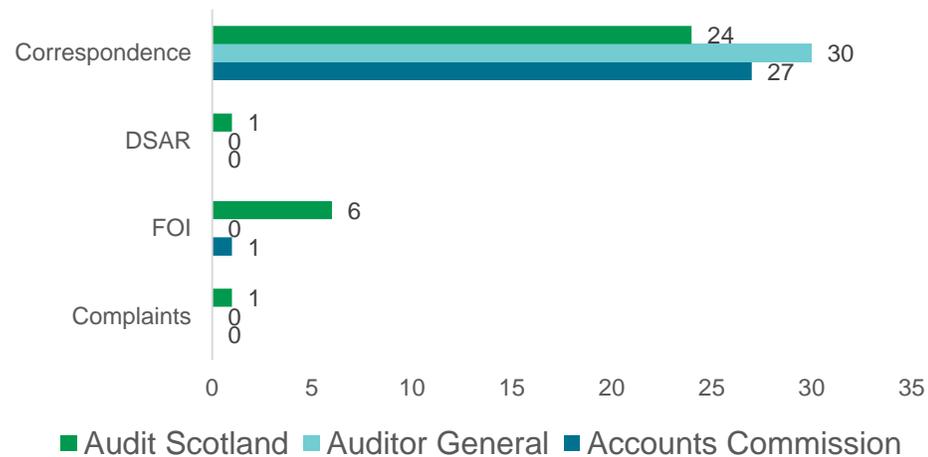


OVERVIEW

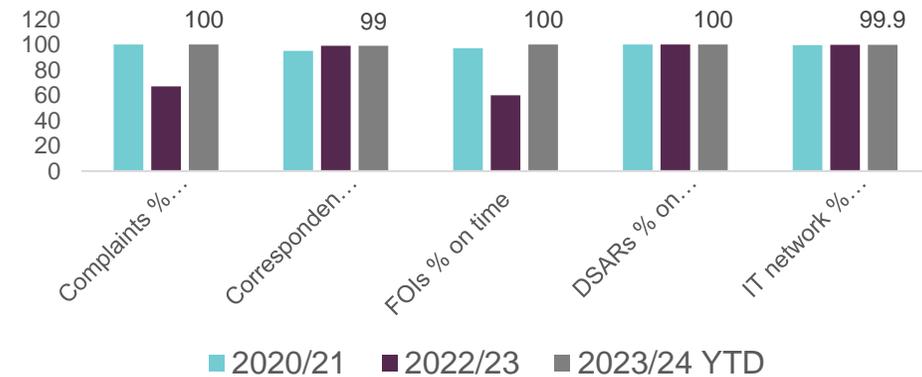
In Q1 we responded to:

- 81 items of correspondence/ issues of concern (99% on time)
- 7 FOI/EIRs (100% on time)
- 1 Data Subject access request (100% on time)
- 1 Complaint addressed to Audit Scotland (100% on time)

Stakeholder engagement in Q1



Percentage on time



Objective

Progress towards **net zero and climate resilience**

KPQ

Are we progressing towards Net Zero and to our climate resilience outcomes?

Target

133 tCO₂e emissions by 2029/30

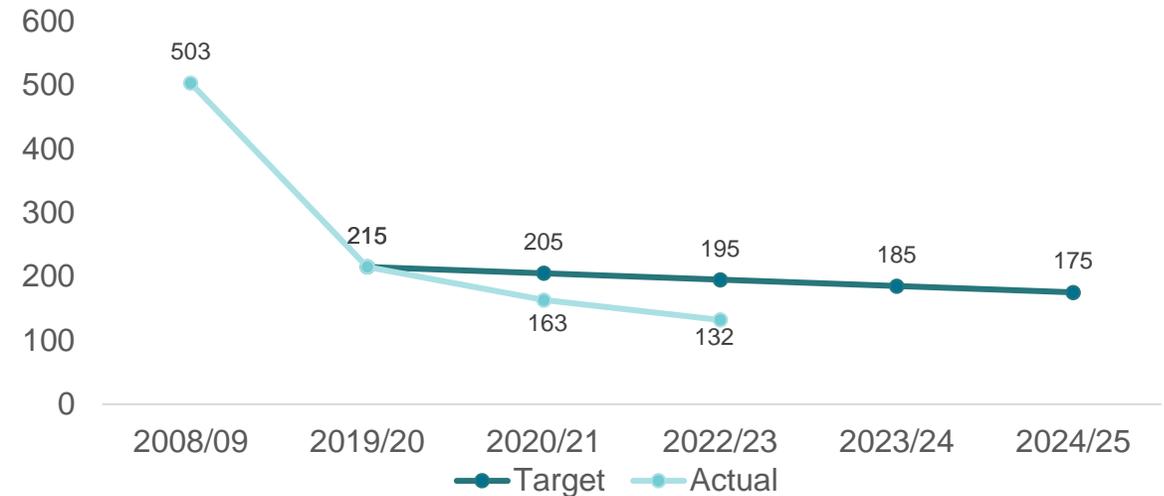


This key performance measure is new. It reflects the aspiration in our corporate plan to lead by example with our organisational response to key strategic issues facing public services, including climate change.

Our current [Environment, Sustainability and Biodiversity plan 2021-2025](#) sets targets to reduce Audit Scotland's Total Carbon emissions to no more than 178 tCO₂e by 2024/25 and no more than 133 tCO₂e by 2029/30

In our last [Environment, Sustainability and Biodiversity 2021/22 annual report](#) we reported our emissions as 132 tCO₂e.

Audit Scotland reported emissions tCO₂e



Issues / Actions	Actions to improve performance	Who	Timescales	Comment / update
Progress towards Net Zero	The new Green Future Strategic Team met in Q1 and the key actions are a new strategy and reporting on 2022/23 emissions	GFT	Q3	
Quarterly reporting	we are currently exploring which feeder measures for this measure we can report more often.	GFT	Q3	
Annual reporting	Climate Change is reported to the Board in November	GFT	Q3	

Objective

Progress against our **equality outcomes**.

KPQ

Are we progressing towards our equality outcomes

Target

TBC



OVERVIEW

This key performance measure is new. It reflects the aspiration in our corporate plan to lead by example with our organisational response to key strategic issues facing public services, including tackling inequalities. Historically we have reported on progress towards our equality outcomes on an annual basis through our mainstreaming equality report, however there are some 'feeder' measures for this measure where we can report more often. In this report we have set out proposed feeder measures for this key performance measure, including our planned timelines for data collection and reporting, and we would welcome the feedback on these.

Data Measure	Source	Comment
Percentage of PABV products that: <ul style="list-style-type: none">• reference social and economic factors and protected characteristics• reference social and economic factors and protected characteristics in audit recommendations• improve accessibility by producing alternative outputs	PABV six-monthly monitoring	Aiming to have data collection and reporting in place for Q3 2023/24.
References to equalities across strategy and planning documents, in corporate meetings and in consultation responses	CSG / I&Q six-monthly monitoring	Aiming to have data collection and reporting in place for Q3 2023/24.
Diversity of our workforce in relation to Scottish population	HR annual monitoring	Annual diversity, equality and inclusion report published in September.
Percentage of employees declaring diversity information	HR annual monitoring	Annual diversity, equality and inclusion report published in September.
Levels of activity within staff networking groups and internal awareness raising events	HR / I&Q / EHRSG quarterly monitoring	Aiming to have data collection and reporting in place for Q3 2023/24.
Topics discussed / progress with actions from internal Equality and Human Rights Steering Group and external Equality and Human Rights Advisory Group	EHRSG quarterly monitoring	Aiming to have data collection and reporting in place for Q3 2023/24.
Number of examples of equalities good practice highlighted in AARs	ASG annual monitoring	Aiming to have data collection and reporting in place for Q1 2024/25.

Resources

Objective

Our finances: Spend against budget

KPQ

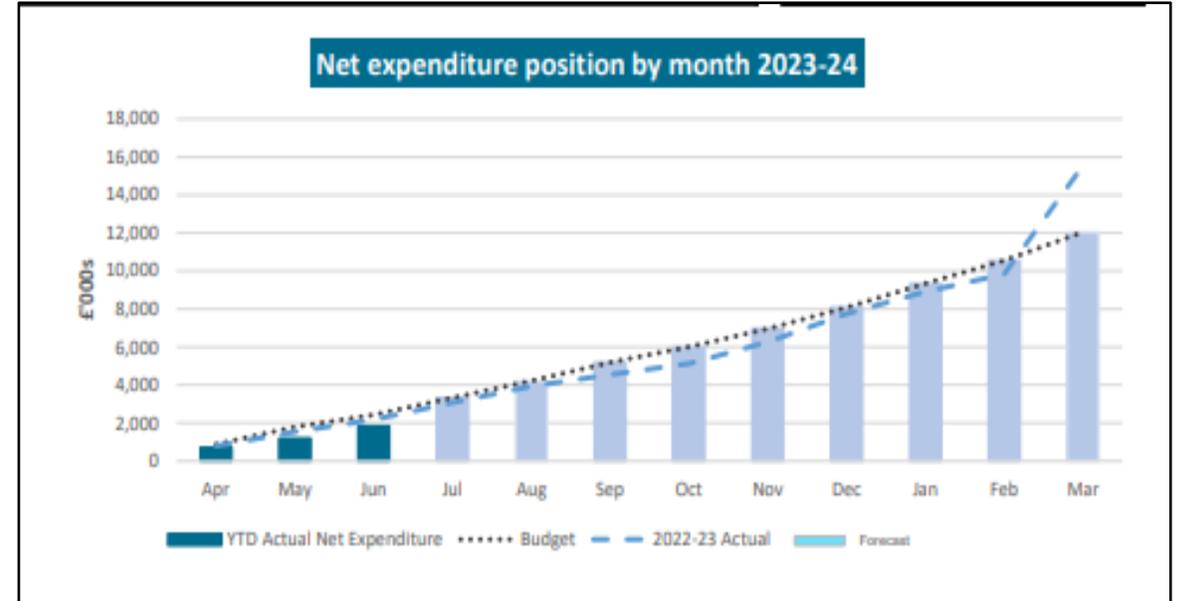
Spend against budget - Organisation

Target

Break even

OVERVIEW **AMBER**

- The Target for Audit Scotland is break even as required by the Public Finance and Accountability (Scotland) Act 2000.
- At the end of the June 2023 Audit Scotland's Net Operating Expenditure was £1,839k which was £593k (24%) less than budget. The Graph shows an anticipated spike in February due to annual pension costs.
- **Income** – recognition of income on completion of outstanding 21/22 audits for both firms and in-house work. Firms additional income (£224k) offset by increased firms payments (£213k). For 22/23 audits firms ahead of plan and inhouse work slightly behind plan.
- **Pay** – budgets include pay award assumption which is still under negotiation with staff representatives. In addition to this favourable price variance the average whole-time equivalents (w.t.e.) position is 11.7 below funded establishment which includes a 2% vacancy/turnover factor.
- **Non-pay** - underspends in professional services, travel & subsistence, recruitment and depreciation reduced by overspends in firms payments, IT, training and property.
- **Capital expenditure** - budget is 150k and in Q1 38k was spent on Glasgow meeting room furniture and Audio equipment for Edinburgh's EH1/2 meeting room
- **Management contingency** - £500k budget unallocated year to date.



Objective

Our finances: Spend against budget

KPQ

Spend against budget - Organisation

Target

Break even

The current financial risks are:

- Impact of April 2023 pay award.
- Firms' payments linked to April 2023 pay award.
- Implications of 2023/24 audit fee increase.
- Work in progress position for 2023/24 audit work as at 31 March 2024
- Resourcing pressures leading to additional cost of audit
- Inflationary pressures (e.g. utility and service charges).
- Financial implications of Estate strategy.
- Additional audit modernisation pressures (e.g. digital audit, climate change).
- Pension fund pressures (e.g. IAS 19 implications and outcome of triennial valuation).

Risk

The financial risks that could impact on our ability to deliver within the 2023/24 budget allocation include:

- Work in progress position for 2022/23 audit work as at 31 March 2023
- Resourcing pressures and additional cost of audit
- Pension fund pressures
- Inflationary pressures

Risk register

The performance affects the following risk in the corporate risk register.

A6 - Failure of efficiency and ability to demonstrate value for money  

Issues / Actions	Actions to improve performance	Who	Timescales	Comment / update
New integrated business, financial and people planning process	Audit Scotland Business Plan	I&Q	Board 26/09/23	
Regular budget monitoring	Monthly financial dashboards Quarterly update reports to Audit Committee and Board	Finance	Ongoing	
2024/25 budget development		Finance	Board 26/09/23	

Objective

Our people: Right skills and capacity to deliver

KPQ

Capacity to deliver - people establishment

Target

+/-5%

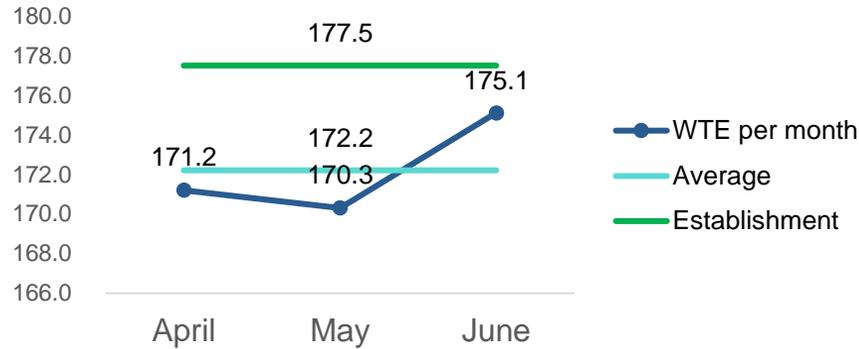
OVERVIEW **AMBER**

- Current staffing level vs establishment
- The average WTE number of staff in Q1 was 328.6, against an establishment level 341.1 WTE. This equates to 96.3% - which is the same slightly higher than Q4 2022/23 (95%).

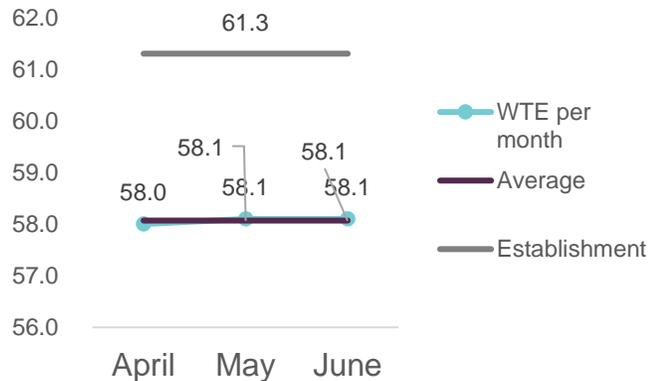
The business groups were under establishment:

- Audit Services 98.1% of establishment. This excludes six summer interns
- Performance Audit and Best Value was 85.9% of establishment
- Corporate services was 94.88% of establishment
- Innovation and Quality was 93.9% of establishment.

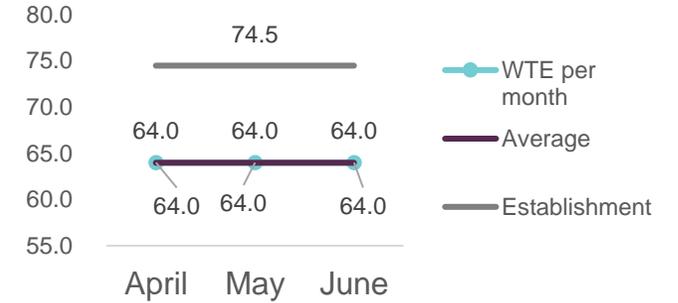
ASG - WTE staff in post 2023/24



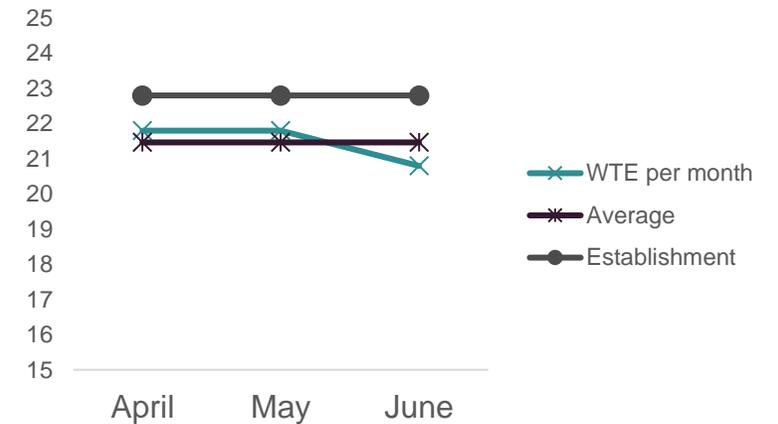
CSG - WTE staff in post 2023/24



PABV - WTE staff in post 2023/24



I&Q - WTE staff in post 2023/24



Objective

Our people: Right skills and capacity to deliver

KPQ

Capacity to deliver - People establishment

Target

+/-5%

Performance, trend and RAG

Overall, this measure is rated amber due to FTE being at 328.6 which is 96.3% of establishment (341.1).

Actions include:

- Current recruitment campaigns
- Focus on resourcing flexibilities within current budget envelope Planned review of ASG job sizing and structures
- For the 2023/24 audits, closer coordination between ASG and I&Q to understand the workload and resourcing impact of changes in audit requirements and expectations. Monitored and reported to ET, Board and Accounts Commission
- Closer coordination implemented between ASG and PABV in relation to the resourcing and delivery of Best Value requirements.
- Scenario planning and development of a new Target Operating Model

Risk

If Audit delivery business groups are under establishment this increases the risk of failure to deliver audits/meet deadlines.

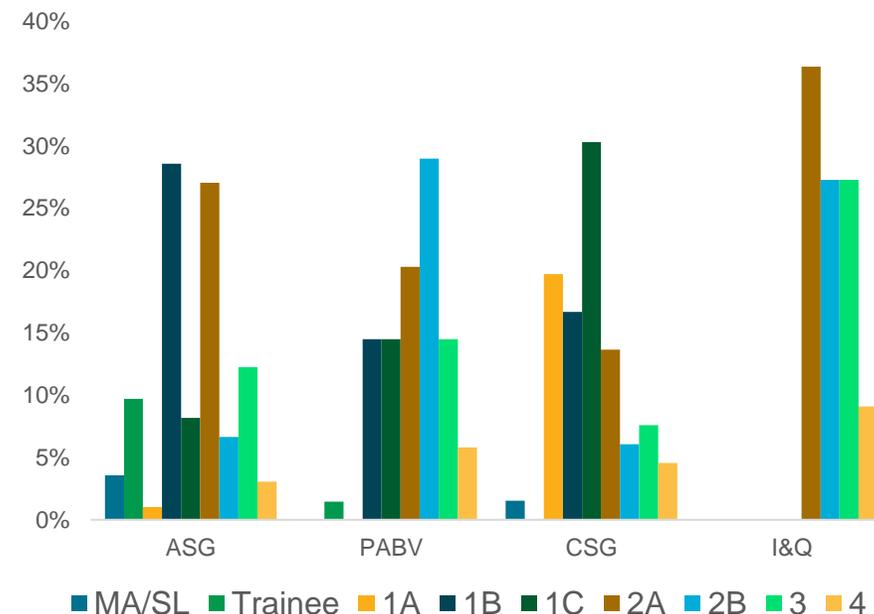
Risk register

The performance affects the following risk in the corporate risk register.

A5 - Failure of capacity – establishment, deployment, skills.



% Breakdown of Colleagues by grade



Issues / Actions	Actions to improve performance	Who	Timescales	Comment / update
Capacity to deliver.	Integrated business, workforce and budget planning processes	I&Q/CSG/LG	AS Business Plan Board 26/09/23	
	People Strategy	CSG	RemCo 14/11/23	

Objective

Our people: Right skills and capacity to deliver

KPQ

People spend against budget.

Target

+/- %5 of budget

OVERVIEW **GREEN**

Expenditure on pay and agency costs of £5,270.6k is £414.9k (7.3%) less than budget.

The year-to -date underspend on staff pay is due to:

- A volume variance of £188.4k with the average vacancy level for the period being 11.4 whole time equivalents (3.4%) less than funded establishment.
- There is also a favourable price variance of £229.8k which is due to the inclusion of a pay award assumption in the budget that is still subject to ongoing negotiation and final agreement with staff representatives.
- Agency expenditure year to date of £11.2k is £7.4k (197.5%) more than budget and is providing cover for vacant positions in Corporate Support. This is being funded by the volume savings within the Corporate Support staff pay budget.

	Actual £K YTD	Budget £K YTD	Variance
Cost of AS staff V budget	5,260	5682	422
Cost of Agency staff V budget	11	4	-7

Risk

None

Risk register

The performance affects the following risk in the corporate risk register.

A5 - Failure of capacity – establishment, deployment, skills.

Issues / Actions	Actions to improve performance	Who	Timescales	Comment / update
	People Strategy	CSG	11 November 2023	Remuneration Committee

Objective

Our people: Right skills and capacity to deliver

KPQ

Capacity to deliver - Wellbeing

Target

Per KPI

OVERVIEW Amber

Staff turnover YTD All leavers in Q1 was 1.17% compared to 3.01% in Q1 last year

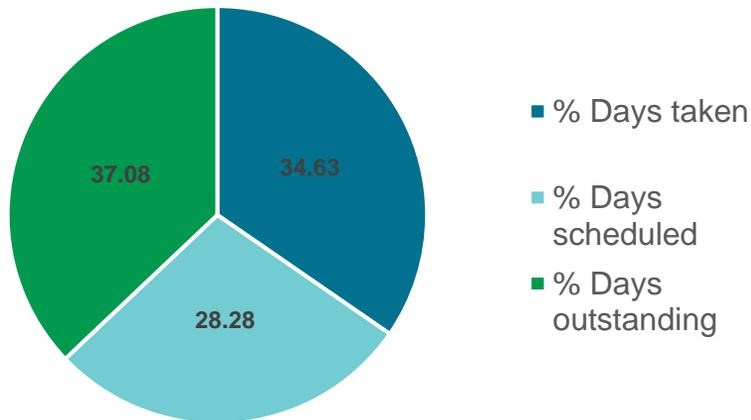
Sickness absence YTD was 0.86 days compared to 1.11 days in Q1 Last year.

Flexitime balances include flexitime to date and may have been accrued over a significant time period. Some individuals who moved across business groups will have carried their flexi balances with them.

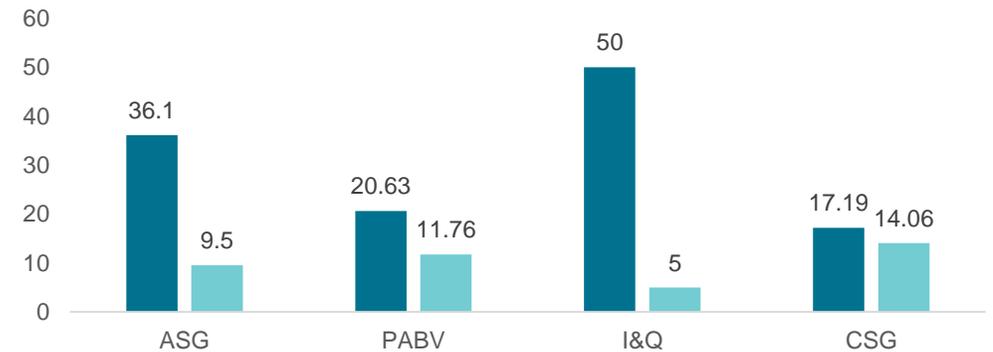
All Leavers 2021 to Q1 2023/24



% leave taken from 12,212 days available



Flexitime balances



■ % of colleagues with greater than 14.5 Hours flexi
 ■ % of colleagues with greater than -7.25 negative flexi balance

Objective

Our people: Right skills and capacity to deliver

KPQ

Capacity to deliver - Wellbeing

Target

Per KPI

Performance, trend and RAG

Wellbeing KPIS are similar to or better than last year's Q1 data. However, the HSE stress survey results are challenging.

We are implementing an action plan in response to the stress survey results and further action will take place under the new People Strategy.

Monitoring will take place through the Best Companies and future stress surveys.

We have introduced new measures for leave taken and flexi balances. There is no comparative data for these, and we will monitor in future reports to establish a baseline benchmark. We expect it will take four quarters to give a balanced view for comparison going forward.

Risk

Wellbeing of colleagues is key to capacity to deliver

Risk register

The performance affects the following risk in the corporate risk register.

A5 - Failure of capacity –establishment, deployment, skills 

Issues / Actions	Actions to improve performance	Who	Timescales	Comment / update
Stress survey action plan	Various actions including communications and training	CSG	Ongoing	
People Strategy	Actions being taken forward under the People Strategy	HR	RemCo 14/11/23	
Annual leave and flexi leave balances	Actions being taken in business groups and through 121s to manage down balances	All	Ongoing	

Objective

Our people: right skills - Learning & Development

KPQ

Learning (L&D)

Target

Target per KPI

OVERVIEW **AMBER**

- Learning (L&D) In Q1 there has been a high level of activity on both instructor-led content and e-learning. There was a high volume of attendees for Emotional Intelligence, the joint ICAEW and I&Q quality review feedback seminar and ISA 315 training.
- Completion of agreed mandatory has been impacted by the focus on audit delivery, the clarity of comms re which training courses are mandatory and recording of attendance. We will include further guidance on mandatory training in communications on the 2023-24 L&D plan in Q2

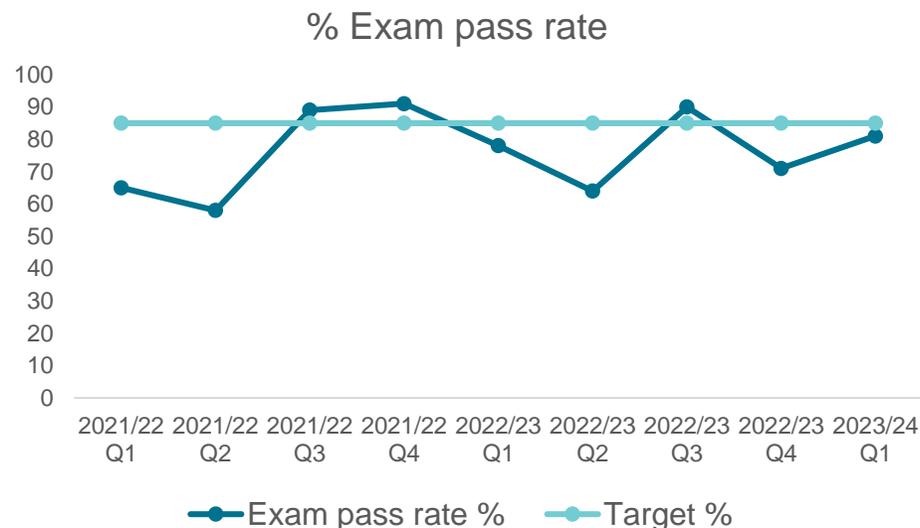
L&D

- 24 trainees sat 36 exams with 29 passed (rate 81%) (Target 85%)
- 102 training events with 1,802 attendees (Target N/A)
- Average L&D days per Colleague 1 (Target N/A)
- Percentage of mandatory training Days completed 53.3% (Target 95%)
- Percentage of completed 3Ds 50.9% (Target 100%)

Risk register

The performance affects the following risk in the corporate risk register.

A5 – Failure of capacity – establishment, deployment, skills



Issues / Actions	Actions to improve performance	Who	Timescales	Comment / update
Mandatory training	Further guidance on mandatory training to be included in communications on the 2023-24 L&D plan in Q2. We will continue to review the data sources and definitions.	I&Q	Q2 2023/24	A processes will be put in place to monitor and communicate compliance across the organisation, along with consistent processes for managing non-compliance.
Rolling 3Ds	Data collection for this measure has changed And there has been a series of communications on this.			We are aware there is still under-recording and will take further action to increase recording.

Objective

Our people: Right skills and capacity to deliver

KPQ

Working across business groups

Target

Score greater than four

OVERVIEW GREEN

Measures to be confirmed

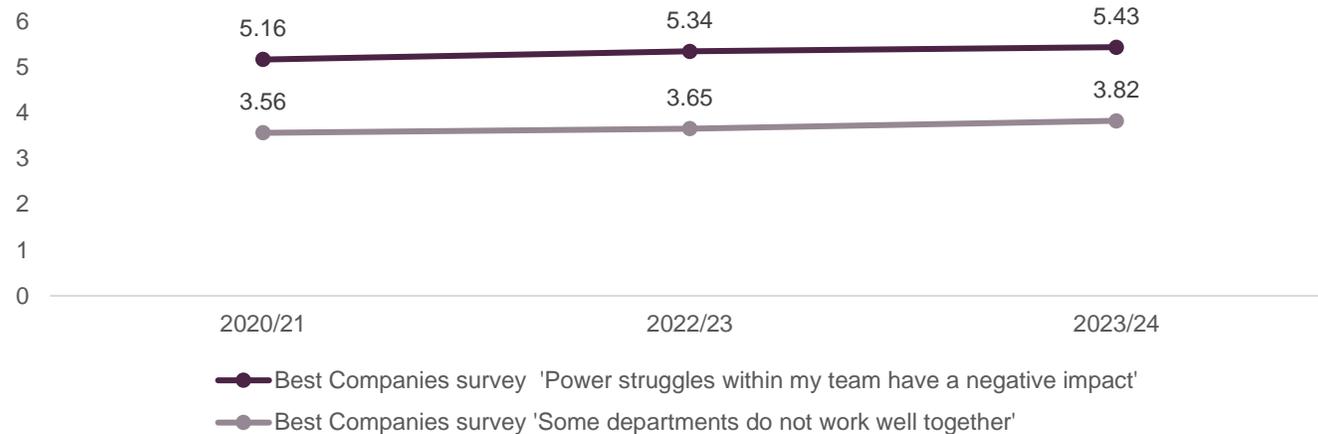
- Results from the Best Companies survey held in November 2022 showed that the two questions about colleagues working across business groups showed improvement on previous years. The target for both questions is for a score above four.

Risk register

The performance affects the following risk in the corporate risk register.

A5 – Failure of capacity – establishment, deployment, skills  

Working Across business groups
(Target great than four)



Innovation & Learning

Objective

Innovation driving audit transformation

KPQ

TBC

Target

TBC

OVERVIEW

This key performance measure is new. It aims to help us monitor performance against a range of priorities and aspirations for change in our corporate plan, but in particular the enhanced audit approaches strategic priority. In this report we have set out proposed feeder measures for this key performance measure, including our planned timelines for data collection and reporting, and we would welcome feedback on these.

The main project in this area is the Audit Modernisation Project (AMP), which is the key project in the Strategic Improvement Programme. The AMP is on track at scoping stage. However, given the level of maturity of the overall measure and the work required to set up new data collection to adequately measure performance, we have assessed it as amber.

Management action during Q2 will focus on setting up data collection and reporting for performance monitoring.

The proposed indicators for this are shown on the next slide.

Objective

Innovation driving audit transformation

KPQ

Target per KPI

Target

Prior year performance



Data Measure	Source	Comment
Progress with audit modernisation project	I&Q quarterly monitoring	<p>The Strategic Improvement Programme Board has agreed with the proposal to re-frame the Electronic Working Papers project to focus on audit modernisation more broadly.</p> <p>The project is at scoping stage. A detailed road map, including a draft timetable and key milestones, is due to go to Strategic Improvement Programme Board and Audit Scotland Board in September.</p> <p>As part of scoping, we are speaking to other audit organisations and potential system providers to learn from experience and explore what is on the market. Our aim is to update our understanding of the current ‘problem’ and design a process to capture requirements.</p> <p>We are also delivering incremental improvements to the ASG audit approach during 2023/24 and beyond as stepping stone to pave the way for a new approach and supporting system.</p>
Innovative behaviour identified in audit approach, learning shared and impact as a result (quality reviews, data analytics groups, impact evaluation)	I&Q quarterly monitoring	Aiming to have data collection and reporting in place for Q2 2023/24.
Information and advice shared to drive innovation and improvement	I&Q quarterly monitoring	Aiming to have data collection and reporting in place for Q2 2023/24.
Number of suggestions that have led to products	I&Q quarterly monitoring	Aiming to have data collection and reporting in place for Q3 2023/24.
Use of new products / analysis	I&Q quarterly monitoring	Aiming to have data collection and reporting in place for Q3 2023/24.
Colleague feedback on data analytics tools (Asc, etc)	I&Q six monthly monitoring	Aiming to have data collection and reporting in place for Q3 2023/24.
Colleague feedback on audit approach (programmes / templates / audit guide / AMF revisions)	I&Q six monthly monitoring	Aiming to have data collection and reporting in place for Q3 2023/24.
Auditors’ feedback on technical documents and helpdesk responses (technical support)	I&Q six monthly monitoring	Aiming to have data collection and reporting in place for Q3 2023/24.

Objective

Innovation & Learning - Insights

KPQ

Application of insights to decision making, audit delivery and organisational change

Target

TBC



OVERVIEW

This key performance measure is new. It aims to help us monitor performance against a range of priorities and areas of focus in our corporate plan, but in particular the insights driving innovation and improvement strategic priority. In this report we have set out proposed feeder measures for this key performance measure, including our planned timelines for data collection and reporting, and we would welcome the Board's feedback on these.

The main project in this area is the insights project, which is part of the Strategic Improvement Programme. This project is currently amber due to some slippage with the stakeholder engagement and horizon scanning strands of the project. This is due to prioritising resources on completing Public Audit in Scotland and the new corporate plan. We have assessed the measure as amber due to this slippage and given the level of maturity of the overall measure and the work required to set up new data collection to adequately measure performance.

Management action during Q2 will focus on progressing project planning for stakeholder engagement and horizon scanning and setting up data collection and reporting for performance monitoring.

The proposed indicators for this are shown on the next slide.

Data Measure	Source	Comment
Progress with Insights project	I&Q quarterly monitoring	The main focus for the insights project during Q1 was to complete the PABV pilot project on evaluating the impact of our performance audit recommendations. We collected data from the teams involved on what worked well and what needed to be improved and used this to develop guidance on developing and following up on audit recommendations. We also introduced new data collection tools to support this project. We took the new guidance to PABV LT for sign off and have now issued the new guidance on developing recommendations to the PABV team. We have more development work to do on the follow up guidance and will continue to work on this with PABV LT with the aim of issuing it during Q2. We are using learning from the PABV pilot to design and implement a similar pilot in ASG and this is kicking off during Q2.
Percentage of audit products applying new impact evaluation approaches	I&Q quarterly monitoring	Aiming to have data collection and reporting in place for Q2 2023/24.
Number of insights events delivered internally / feedback on impact of these	I&Q quarterly monitoring	Aiming to have data collection and reporting in place for Q2 2023/24.
Number of events we contribute to externally and learning shared	I&Q quarterly monitoring	Aiming to have data collection and reporting in place for Q2 2023/24.
Stakeholder feedback on how well public audit responds to key risks and issues	TBC	TBC
Colleague satisfaction with levels and effectiveness of intelligence sharing	I&Q annual monitoring	Aiming to have data collection and reporting in place for Q4 2023/24.

Q1 Financial performance report

Corporate Finance Manager



Item 13

Meeting date: 26 September 2023

Purpose

1. This report presents the financial results for the three months to 30 June 2023.

Recommendation

2. The Board is invited to note the financial results for the three months to 30 June 2023.

Background

3. A Financial Performance Executive Summary is provided in the appendix to support this report.
4. This report was discussed by Audit Scotland's Leadership Group on 29 August and Audit Committee on 5 September.

Summary position

Financial Position as at end of June 2023						
	Actual YTD £'000s	Budget YTD £'000s	Variance YTD £'000s	FY Forecast £'000s	FY Budget £'000s	Variance YTD £'000s
Income	(6,718.3)	(6,135.6)	582.8	(22,942.5)	(22,942.5)	0.0
Pay	5,270.6	5,685.5	414.9	23,060.9	23,060.9	0.0
Non-pay	3,287.0	2,880.4	(406.6)	11,931.7	11,931.7	0.0
Capital Expenditure	38.0	50.0	12.0	150.0	150.0	0.0
Funded by Scottish Consolidated Fund	1,877.2	2,480.3	603.1	12,200.0	12,200.0	0.0

5. At the end of June 2023 Audit Scotland's total expenditure funded by the Scottish Consolidated Fund was £1,877.2k which was £603.1k (24.3%) less than budget.
6. Net operating expenditure of £1,839.2k was £591.1k (24.3%) less than budget.
7. Total capital expenditure year to date is £38k, which is £12k (24.0%) less than phased budget.
8. At this early stage of the new financial year the current forecast is that we will operate within the budget allocation. The biggest financial risks are:
 - managing the impact of the final April 2023 pay award settlement compared to the budget assumption.

- the closing work in progress position on 31 March 2024 as we start the 2023/24 audit work.
9. A full year forecast is currently being prepared which will be included in the quarter 2 report.
10. Variance analysis is provided in the main body of this report.

Income

11. Income recognition year to date of £6,718.3k is £582.8k (9.5%) more than budget.
12. In-house audit income £6.3k (0.2%) less than budget broken down as follows:
- Unbudgeted prior audit year income of £118.1k recognised for the completion of 2021/22 audits in the local government sector.
 - 2022/23 audit fee income in local government (£35.3k) and health (£70.9k) more than budget with central government (£113.7k), EAFA (£104.0k) and further education (£12.9k) less than budget.
13. Income recognition for the firms is £578.7k (29.6%) more than budget due to:
- Unbudgeted prior year audit income of £223.8k recognised for completion of 2021/22 audits in local government (£85.0k), central government (£134.4k) and further education (£4.4k).
 - Fee income recognition for 2022/23 audits is more than budget in local government (£60.1k), health (£151.9k), central government (£100.7k) and further education (£42.2k).
 - The majority of the additional income is offset by the actual payments to firms being more than budget.
14. The completion of all 2022/23 audits is planned in this financial year and the position is being closely monitored on a monthly basis to ensure that this is deliverable.
15. The balancing variance of £10.4k is mainly due to unbudgeted bank interest on deposit balances.

Pay expenditure

16. Expenditure on pay and agency costs of £5,270.6k is £414.9k (7.3%) less than budget.
17. The year to date underspend on staff pay is due to:
- A volume variance of £188.4k with the average vacancy level for the period being 11.4 whole time equivalents (3.4%) less than funded establishment.
 - There is also a favourable price variance of £229.8k which is due to the inclusion of a pay award assumption in the budget that is still subject to ongoing negotiation and final agreement with staff representatives.

- 18. Agency expenditure year to date of £11.2k is £7.4k (197.5%) more than budget and is providing cover for vacant positions in Corporate Support. This is being funded by the volume savings within the Corporate Support staff pay budget.
- 19. There is also a favourable outturn of £4.1k due to expenditure being less than budget for Accounts Commission members, apprenticeship levy and class1A NI contributions.

Non-pay expenditure

- 20. Non-pay expenditure includes the payments to firms under the audit appointments contract and other operating expenditure. Year to date expenditure of £3,287.0k is £406.6k (14.1%) more than budget.
- 21. The main variances appear in Firms payments, professional services, travel & subsistence, IT, depreciation and property.
- 22. **Firms payments** £482.4k (24.7%) more than budget with £213.0k relating to the completion of 2021/22 audit work, which is offset by the recognition of additional unbudgeted income. The position in respect of 2022/23 audit work is ahead of plan leading to payments for work being £269.4k more than budget, which is funded by income recognition being more than budget. The expenditure for 2022/23 audit work includes the additional savings generated through local government VAT recovery and expenses.
- 23. **Professional services** £60.6k (54.3%) less than budget due to timing of expenditure in Innovation & Quality and PABV business groups. The budget in Innovation and Quality relates to the digital audit project. PABV use their budget allocation for any independent expert support required to deliver on work programme commitments.
- 24. **Travel & subsistence** £30.0k (26.3%) less than budget mainly due to savings generated in the car lease scheme with the number of eligible drivers decreasing at a faster pace than planned due to promotions and leavers.
- 25. **IT** expenditure £20.6k (14.0%) more than budget due to one off payments for cyber security training and penetration testing. It is projected that IT expenditure for the full year will be within the budget allocated.
- 26. **Depreciation** is £25.7k (23.0%) less than budget due to reduced capital expenditure in 2022/23 and also the budget phasing assumption being different from the timing of in year capital expenditure. This leads to a delay in the commencement of depreciation following the purchase of new assets.
- 27. **Property** expenditure £14.1k (5.9%) more than budget due to increase in property service charges and business rates. The rates increases are being challenged with the valuation boards and the outcome of this will not be known until later in the financial year. The impact of the increased floor space in Glasgow will take effect from the start of quarter 2.

Contingency and financial risks

- 28. The 2023/24 budget includes a contingency allocation of £500k to meet any unexpected financial pressures that may arise in the year. Any allocation is the responsibility of the Executive Team and it is anticipated that allocations will need to be made to meet pay award pressures and the additional floor space acquired in the Glasgow office.

- 29.** The financial risks that have the potential to impact on our ability to deliver a balanced budget include:
- April 2023 pay award settlement (budget 3%).
 - Work in progress position for 2023/24 audit work at 31 March 2024.
 - Inflationary pressures.
 - Pension fund pressures.
 - 2023/24 audit fees.
- 30.** We continue to operate in an extremely unpredictable and volatile environment which will impact on longer-term financial planning and future budget proposals. Factors that need to be considered include:
- Future pay award settlements.
 - SCF funding pressures.
 - Future direction of fees and funding.
 - Audit modernisation (digital, climate change).
 - Electronic working papers system.
 - EAFA audit.
 - Implementation of estate strategy.

Capital expenditure

- 31.** The capital programme for 2023/24 plans to invest in IT hardware, software and a potential website upgrade. The total budget allocation is £150k.
- 32.** Year to date capital expenditure of £38k has been spent on meeting room furniture for the Glasgow office (£4k) and audio equipment for meeting room EH1/2 in Edinburgh (£34k).
- 33.** The balance of £112k will be spent on IT and the website upgrade.

Virement

- 34.** There were no instances of budget virement in excess of £20k in the three months to 30 June 2023.

Financial Position

Income – recognition of income on completion of outstanding 21/22 audits for both firms and in-house work. Firms additional income (£224k) offset by increased firms payments (£213k). For 22/23 audits firms ahead of plan and in-house work slightly behind plan.

Pay – budgets include pay award assumption which is still under negotiation with staff representatives. In addition to this favourable price variance the average whole time equivalents (w.t.e.) position is 11.7 below funded establishment which includes a 2% vacancy/turnover factor.

Non-pay - underspends in professional services, travel & subsistence, recruitment and depreciation reduced by overspends in firms payments, IT, training and property.

Capital – £38k expenditure this financial year.

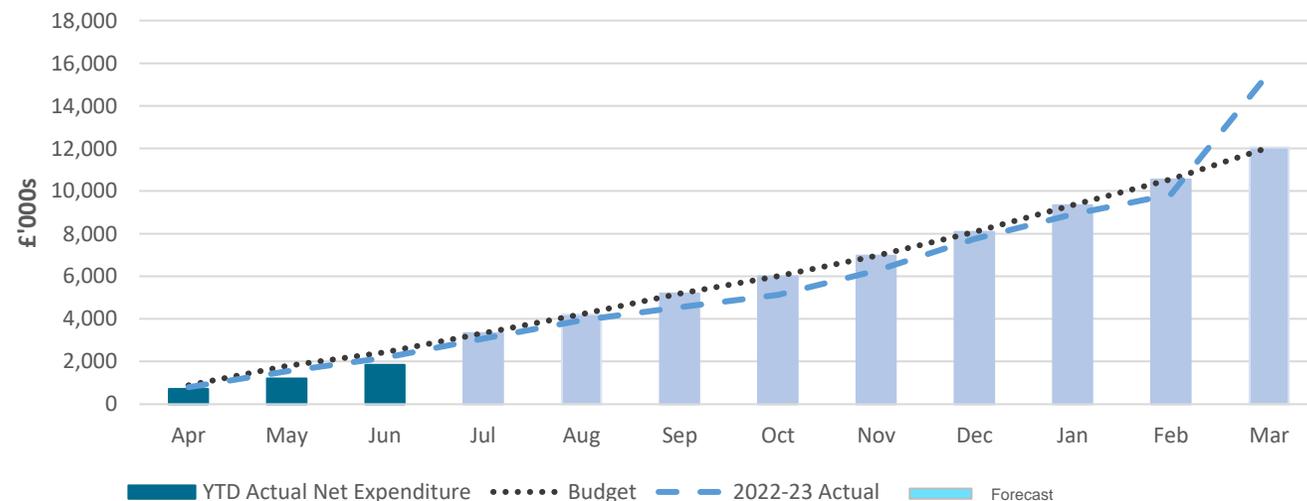
Management contingency - £500k budget unallocated year to date.

Financial Risks

- Impact of April 2023 pay award.
- Firms' payments linked to April 2023 pay award.
- Implications of 2023/24 audit fee increase.
- Work in progress position for 2023/24 audit work as at 31 March 2024
- Resourcing pressures leading to additional cost of audit
- Inflationary pressures (e.g. utility and service charges).
- Financial implications of Estate strategy.
- Additional audit modernisation pressures (e.g. digital audit, climate change).
- Pension fund pressures (e.g. IAS 19 implications and outcome of triennial valuation).

Financial Position as at end of June 2023						
	Actual YTD	Budget YTD	Variance YTD	FY Forecast	FY Budget	Variance YTD
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Income	(6,718.3)	(6,135.6)	582.8	(22,942.5)	(22,942.5)	0.0
Pay	5,270.6	5,685.5	414.9	23,060.9	23,060.9	0.0
Non-pay	3,287.0	2,880.4	(406.6)	11,931.7	11,931.7	0.0
Capital Expenditure	38.0	50.0	12.0	150.0	150.0	0.0
Funded by Scottish Consolidated Fund	1,877.2	2,480.3	603.1	12,200.0	12,200.0	0.0

Net expenditure position by month 2023-24



Summary Balance Sheet £'000s

	31/03/2023	30/06/2023
Total Non Current Assets	2,083	1,985
Total Current Assets	6,528	12,713
Total Current Liabilities	(8,649)	(11,523)
Total Non Current Liabilities	(2,751)	(2,773)
Assets Less Liabilities	(2,789)	402
Taxpayers Equity	2,789	(402)

Non-current assets – reduction due to depreciation of assets and right-of-use assets higher than new investment.

Current assets – increase in debtors due to 2nd invoice instalment issued in June and increase in work in progress levels.

Current liabilities – increase in deferred income and monthly payroll payments due to HMRC and Lothian Pension Fund.

Non-current liabilities – minor adjustments to unfunded pension provision and obligations under leases.

Summary Cash Flow £'000s

Net cash outflow from operating activities	(4,255)
Cashflows from investing activities	38
Obligations under leases	12
Drawdown from Consolidated Funds	5,000
Net increase/(decrease) in cash/cash equivalents	795
Net Cash requirement	4,205

- Draw down from Scottish Consolidated Fund of £5 million.
- Net increase in cash / cash equivalents of £0.8 million from 31 March.
- Next instalment of fee invoicing issued in June with outstanding debt at end of June £5.2 million.
- Outstanding debt at 20 July £2.2 million.

Capital Expenditure £'000s

Total Funding	150
Glasgow meeting room furniture	4
Audio equipment EH1/2	34
Balance	112

- Year to date spend on upgrading audio equipment in Board meeting room at WP and meeting room furniture for the Glasgow office extension.
- Remainder of spend to be used for phased upgrade to Glasgow office (digital and furniture), digital service requirements and website upgrade.

Appendix | Financial Performance by Business Group – June 2023

YTD financial position for each business group

The current YTD financial position for each business group is detailed here.

- **Overall** - at the end of June the revenue financial position was £591k less than budget. At this early stage of the new financial year the forecast is on budget.
- **Audit Services Group** - 21/22 audits complete with income fully recognised. 22/23 audit work slightly behind plan due to central government and EAFA. Pay less than budget with lower than planned average w.t.e and 2023 pay award included in budget which is yet to be agreed. Non-pay less than budget mainly due to reduced travel and lease car expenditure.
- **Performance Audit and Best Value** - pay costs less than budget with average w.t.e. 9.0 below funded establishment and a price variance due to the pay award being included in budget allocation. Vacant posts in the process of being filled. Non-pay costs less than budget due to timing of expenditure on professional services.
- **Innovation and Quality** - pay costs less than budget with average w.t.e. 1.0 below funded establishment and pay award included in budget allocation. Non-pay costs reflect expenditure on professional fees (digital audit project) being less than budget.
- **Audit Quality and Appointments** - pay costs less than budget due to pay award included in budget allocation.
- **Corporate Services Group and Corporate Costs** - income variance relates to bank interest on deposits. Pay less than budget due to pay award included in budget and an average 2.0 w.t.e. below plan. Non-pay less than budget with the most significant favourable variance in depreciation.
- **Approved Auditors** – completion of 21/22 audit work and 22/23 audit work ahead of trajectory leading to fee income recognition being more than budget. This is reduced by firm expenditure being more than budget.
- **Accounts Commission and Secretary** - pay less than budget due to vacant Commission Chair post in May. Non-pay expenditure more than budget due to timing of members travel & subsistence expenditure.
- **Board, AGS and Exec Team** - pay costs more than budget due to impact of pay progression for AGS and Exec Team for which no budget was allocated. This will be corrected with a budget virement from other identified savings. Non-pay more than budget due to travel and subsistence expenditure.

Business Group	Cost type	Actual YTD	Budget YTD	Variance YTD	FY Forecast	FY Budget	Variance YTD
		£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Audit Services Group	Income	(3,306.9)	(3,313.2)	(6.3)	(11,851.9)	(11,851.9)	0.0
	Pay	2,549.1	2,685.5	136.4	10,846.4	10,846.4	0.0
	Non-pay	83.7	126.2	42.6	554.2	554.2	0.0
	Total	(674.1)	(501.5)	172.7	(451.3)	(451.3)	0.0
Performance Audit and Best Value	Income	0.0	0.0	0.0	0.0	0.0	0.0
	Pay	1,080.4	1,260.2	179.8	5,040.9	5,040.9	0.0
	Non-pay	15.5	39.3	23.9	179.4	179.4	0.0
	Total	1,095.9	1,299.6	203.7	5,220.3	5,220.3	0.0
Innovation and Quality	Income	0.0	0.0	0.0	0.0	0.0	0.0
	Pay	406.9	452.4	45.5	1,809.5	1,809.5	0.0
	Non-pay	87.7	109.2	21.6	617.2	617.2	0.0
	Total	494.6	561.6	67.0	2,426.7	2,426.7	0.0
Audit Quality and Appointments	Income	0.0	0.0	0.0	0.0	0.0	0.0
	Pay	88.6	90.0	1.4	360.1	360.1	0.0
	Non-pay	1.2	2.7	1.5	142.5	142.5	0.0
	Total	89.9	92.7	2.9	502.5	502.5	0.0
Corporate Services Group and Corporate costs	Income	(877.5)	(867.1)	10.4	(3,492.7)	(3,492.7)	0.0
	Pay	806.0	857.5	51.5	3,644.7	3,644.7	0.0
	Non-pay	652.2	642.2	(10.0)	3,208.7	3,208.7	0.0
	Total	580.7	632.7	51.9	3,360.8	3,360.8	0.0
Approved Auditors	Income	(2,533.9)	(1,955.2)	578.7	(7,597.9)	(7,597.9)	0.0
	Pay	0.0	0.0	0.0	0.0	0.0	0.0
	Non-pay	2,432.9	1,950.5	(482.4)	7,070.0	7,070.0	0.0
	Total	(101.0)	(4.7)	96.3	(527.9)	(527.9)	0.0
Accounts Commission and Support	Income	0.0	0.0	0.0	0.0	0.0	0.0
	Pay	106.0	110.6	4.6	442.5	442.5	0.0
	Non-pay	10.4	8.8	(1.6)	137.5	137.5	0.0
	Total	116.4	119.4	3.0	580.0	580.0	0.0
Board, AGS and Exec Team	Income	0.0	0.0	0.0	0.0	0.0	0.0
	Pay	233.5	229.2	(4.3)	916.8	916.8	0.0
	Non-pay	3.4	1.4	(2.0)	22.1	22.1	0.0
	Total	236.9	230.6	(6.3)	938.9	938.9	0.0
Funded by Scottish Consolidated Fund		1,839.2	2,430.3	591.1	12,050.0	12,050.0	0.0

Annual review of corporate governance policies

Corporate Governance Manager

Item 14
Meeting date: 26 September 2023

Purpose

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

Recommendations

2. The Board is invited to:
 - Note the annual review of the corporate governance documents
 - Note they were reviewed and recommended to the Board by the Audit Committee at its meeting on 5 September 2023
 - Approve the suite of corporate governance documents.

Background

3. The Standing Orders state that the Audit Committee is to keep under review the Standing Orders, Financial Regulations and Scheme of Delegation and recommend to the Board any amendments.
4. The Audit Committee's Terms of Reference (TOR) states that it will advise the Board on corporate governance requirements and are to be provided with a report on policy documentation reviews.
5. The Standing Orders, Financial Regulations, Scheme of Delegation and Codes of Conduct for members and staff were updated as part of the normal annual cycle in September and November 2022.
6. The Standing Orders, Financial Regulations, Scheme of Delegation were most recently [reviewed](#) and approved by the Board at its meeting on 6 June 2023. This was to reflect the new composition of the Executive Team.
7. The suite of documents comprises:
 - Standing Orders
 - Scheme of Delegation
 - Financial Regulations
 - Members Code of Conduct
 - Staff Code of Conduct

Annual review

8. This report covers the proposed updates to the Standing Orders, Scheme of Delegation, Financial Regulations and the Codes of Conduct for members and staff. The suite of documents was reviewed by the Audit Committee at its meeting on 5 September and have been recommended to the Board for approval.
9. In reviewing and applying proposed amendments to the suite of corporate governance policies, the following national guidance was considered:
 - Scottish Government publication, 'On Board' guidance (2015)
 - The UK Corporate Governance Code (2018)
 - The Financial Reporting Council's Revised Ethical Standard (2019)
 - Scottish Government publication, 'Members of devolved public bodies: model code of conduct' (2021).
10. All proposed changes are shown as tracked changes in the attached documents.
11. Subject to approval by the Board on 26 September 2023, the policies will come into effect on 27 September 2023.

Annual review of corporate governance policies

12. A review of our Standing Orders, Financial Regulations and Scheme of Delegation took place in July 2023.
13. The review found no substantive amendments were required given the previous changes that took place in Autumn 2022 and Summer 2023.
14. The minor changes relate to nomenclature. The documents are attached, and the amendments are shown as tracked change for ease of reference.

Annual review of codes of conduct

15. The Codes of Conduct for members and staff are reviewed on an annual basis.
16. The Code of Conduct for members has been reviewed and remains consistent with the national guidance.
17. The Code of Conduct for staff has been reviewed and amendments have been applied to reflect the new values for Audit Scotland as set out in the [Corporate Plan 2023-28](#), more explicit guidance on political neutrality and the introduction of the Executive Director of Innovation and Quality holding the dual roles of Compliance Partner and Ethics Partner.
18. The documents are attached, and the amendments are shown as tracked change for ease of reference.

Standing Orders



Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Standing orders

Introduction

1. The Constitution and membership of Audit Scotland is unusual in having both members appointed by the Scottish Parliament and members with or having access to Direction giving powers. The Board will seek to operate on a consensus basis recognising that on occasion a majority decision may be reached and that the Auditor General and the Accounts Commission may issue Directions for the purpose of or in connection with the exercise of Audit Scotland's functions in relation to either or both of them.

Constitution

2. Audit Scotland is a body corporate established under section 10 of the [Public Finance and Accountability \(Scotland\) Act 2000](#) ("the Act").
3. The function of Audit Scotland is to provide such assistance and support as the Auditor General and the Accounts Commission require in the exercise of their respective functions and, in particular, to provide them, or ensure that they are provided, with the property, staff and services which they require for the exercise of those functions. Section 98 of the [Local Government \(Scotland\) Act 1973](#) provides that the Commission shall have power to incur such expenses as appear to them to be necessary or expedient for the proper discharge of their functions, and such expenses shall be met by Audit Scotland.
4. The Auditor General and the Accounts Commission may give directions to Audit Scotland in connection with the exercise of their functions. Detailed provisions about the operation of Audit Scotland are contained in Schedule 2 to the Act as amended by the Public Services Reform (Scotland) Act 2010.
5. The Board remains responsible for the exercise of all functions of Audit Scotland. It exercises its powers and authorities through the Scheme of Delegation, which it determines and approves on an annual basis.
6. Under [section 18](#) of the Public Finance and Accountability (Scotland) Act 2000 the Accountable Officer is responsible for ensuring the propriety and regularity of the finances of Audit Scotland and ensuring that the resources of Audit Scotland are used economically, efficiently and effectively.
7. The members of Audit Scotland are the Auditor General, the Chair of the Accounts Commission and three other members appointed by the Scottish Commission for Public Audit.
8. The three other members will be appointed under terms and conditions, including remuneration, as determined by the Scottish Commission for Public Audit. The Auditor General and the Chair of the Accounts Commission may not receive any remuneration as members of Audit Scotland.

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9. Members of Audit Scotland may terminate their appointments at any time by notifying, in writing, the appropriate appointing body, and following the prescribed period in the letter of engagement.
 10. In these Standing Orders the members of Audit Scotland meeting together to discharge their functions are referred to as the Board.

Chair

11. The Scottish Commission for Public Audit will appoint one of the members of Audit Scotland which it has appointed to preside at the meetings of the Board ("the Chair").

Meetings

12. Meetings will be held in public at times, dates and places agreed by the members. In addition, a meeting may be called at any time by the Chair or by not less than three members giving the Chief Operating Officer a written request for such a meeting stating the business to be transacted. The use of MS Teams video or telephone conferencing by members will be deemed as attendance at the meeting.
13. In exceptional circumstances, for example, where office locations are closed and all employees are required to work from home, meetings will take place by MS Teams. To ensure digital security during this time, these meetings may not be open to the public. Meetings will be recorded and shared online alongside the agenda and reports from the meetings. Audit Scotland is currently considering live streaming of Board meetings and investigating options for extending the public access to face to face and hybrid meetings.

Agenda and Papers

14. The Chair will approve the Board agenda, including the consideration of items to be taken in private, 10 working days prior to the scheduled meeting, following discussion with the Chief Operating Officer.
15. At least five clear working days before a meeting of the Board the Chief Operating Officer will send written notice of the approved time and place of the meeting and of the business to be transacted to each member. So far as possible, reports and other papers relating to agenda items will be circulated with the agenda.
16. At least two clear working days before a meeting of the Board the Chief Operating Officer will publish the meeting agenda and reports and papers to be taken in public on the Audit Scotland website.

Conduct of Business

17. The Chair, if present, will preside. If the Chair cannot be present the Board must appoint one of the other members appointed by the Scottish Commission for Public Audit to preside at the meeting.

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18. No business other than that stated in the notice of the meeting will be transacted at that meeting other than with the consent of the Chair and a minuted explanation of why the matter had to be conducted without the standard notice.
 19. The Chair of the meeting will decide all questions of order, relevancy and conduct of business during the meeting.
 20. A quorum for a meeting of the Board is three members including those present by MS Teams. The Auditor General and the Chair of the Accounts Commission must be present for a quorum to be constituted, save that in the event that the Auditor General and/or the Chair of the Accounts Commission are unable to attend a meeting of the Board, either may confirm, by giving notice in writing, by email or where circumstances require verbally by telephone prior to the commencement of the meeting, that (i) they consent to the meeting proceeding in their absence; (ii) that the meeting may be deemed to be quorate notwithstanding their absence provided the other requirements for a quorum to be constituted as set out in paragraphs 18, 19 and 20 are met; and (iii) that any business detailed on the agenda circulated pursuant to paragraph 13 and transacted at the meeting shall be deemed to be transacted validly provided that all other requirements of these Standing Orders are complied with.
 21. Where the Auditor General and/or the Chair of the Accounts Commission consents to a meeting proceeding in their absence, they shall, within five working days of the date of the meeting, be provided with a copy of the draft minutes of the meeting produced pursuant to paragraph 22.
 22. No business which is not detailed on the agenda circulated pursuant to paragraph 12, and which the Board deems to be material to the operation of Audit Scotland, shall be transacted at a meeting at which either the Auditor General and/or the Chair of the Accounts Commission is not present.

Minutes

23. Minutes of every meeting of the Board will be drawn up and will be approved at the following meeting.

Directions

24. Section 10(4) of The Public Finance and Accountability (Scotland) Act 2000 (“the Act”) provides that:-
25. 'Directions may be given to Audit Scotland—
26. (a) by the Auditor General, for the purpose of or in connection with the exercise of Audit Scotland’s functions in relation to the Auditor General,
27. (b) by the Accounts Commission, for the purpose of or in connection with the exercise of Audit Scotland’s functions in relation to the Commission.'
28. Section 27(4) of the Act provides that:

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29. 'Directions under sections 10(4) and 19(4) and paragraph 6 of schedule 3 are to be given in writing and may be varied or revoked by subsequent directions under the same provision.'
 30. In accordance with the provisions of sections 10(4) and 27(4) of the Act any directions given by the Auditor General or the Accounts Commission to Audit Scotland must be given in writing.
 31. Following receipt of any direction given by the Auditor General or the Accounts Commission, Audit Scotland will hold a board meeting to consider the direction with regard to its own response.

Vacancy

32. The proceedings of the Board will not be invalidated by any vacancy in membership or by any defect in the appointment of any person.

Code of Conduct

33. Each member will abide by the Code of Conduct for Members of the Audit Scotland Board current at any time.

Committees

34. The Board may appoint standing or ad hoc committees consisting of such numbers as the Board may determine. Committees may consist of members and other suitable persons chosen by the Board.
35. The Board will establish an Audit Committee with the terms of reference contained in Appendix 1.
36. The Board will establish a Remuneration & Human Resources Committee with the terms of reference contained in Appendix 2.
37. The Board will establish an Appeals Committee with the terms of reference contained in Appendix 3.
38. Any committee will operate within the terms of remit and any delegation made to it by the Board.

Deeds and Documents

39. Any deed or document requiring formal execution by Audit Scotland will be signed for and on behalf of Audit Scotland by the Chair of the Accounts Commission or the Auditor General for Scotland and the Chief Operating Officer.

Advisers and Committee Co-optees

40. The Board may appoint advisers and/or co-optees to Committees and pay them such remuneration and expenses as the Board decide. The co-option appointment procedure is contained in Appendix 4.

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41. Employees of Audit Scotland, advisers and others may be present at items taken in private at meetings of the Board at the invitation of the members.

Openness and Transparency

42. The Board meet in public where possible. Agendae, minutes and papers to be considered will be published on the Audit Scotland website. Meetings may be conducted by video conference. In these instances, meetings may not be held publicly, though in the interests of inclusivity and upholding our commitment to transparency agendas, minutes, reports and recordings of meetings will be published online.

Board Effectiveness

43. The Board will conduct a self-evaluation of its effectiveness on an annual basis.

Application of Standing Orders

44. These Standing Orders will apply to meetings of committees of the Board subject to any due modification of details.

Alteration

45. These Standing Orders may be altered by the Board provided that the alteration is approved by a majority of the members of the Board.

Appendix 1: Audit Committee remit

46. The Audit Committee will consist of members of the Board. The Board may appoint persons who are not members of the Board to be members of or advisers to the Audit Committee and may pay them such remuneration and expenses as the Board decides. The Chair of the Board and the Accountable Officer may not be members of the Audit Committee but may attend meetings.
47. The purposes of the Audit Committee are detailed in the Audit Committee terms of reference. The key points are:

Internal Control and Corporate Governance

48. To evaluate the framework of internal control, strategic processes for risk and corporate governance comprising the following components:
 - Control Environment.
 - Risk Management.
 - Information and Communication.
 - Control Procedures.
 - Monitoring and Corrective Action.
 - Audit quality monitoring and arrangements.
49. To review the system of internal financial control, which includes:
 - The safeguarding of assets against unauthorised use and disposal.
 - The maintenance of proper accounting policies and records and the reliability of financial information used within the organisation or for publication.
 - To ensure that Audit Scotland's activities are within the law and regulations governing them.
 - To monitor performance and best value by reviewing the economy, efficiency and effectiveness of operations.
 - To present an annual statement of assurance to the Board to support the Accountable Officer's governance statement.

Internal Audit

- To review the Terms of Reference and appointment of the internal auditors.
- To review and approve the internal audit strategic and annual plans.
- To monitor audit progress and review audit reports.
- To monitor the management action taken in response to the audit recommendations through an appropriate follow up mechanism.

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- To consider internal audit's annual report and assurance statement.
 - To review the operational effectiveness of internal audit by considering the audit standards, resources, staffing, technical competency and performance measures.
 - To ensure that there is direct contact between the Audit Committee and internal audit and that the opportunity is given for discussions with internal audit who should attend every meeting of the Committee.

External Audit

50. To consider all audit material, in particular:
 - Audit Reports.
 - Annual Reports.
 - Management Letters.
 - Management Reports.
51. To monitor management action taken in response to all external audit recommendations.
52. To hold meetings with the external auditors at least once per year and, as required, without the presence of senior management.
53. To review the extent of co-operation between external and internal audit.
54. The external auditor will be appointed by the Scottish Commission for Public Audit under Section 25 of the 2000 Act. The external auditor will examine and certify the account and report on the account to the Commission. The Commission must lay before the Parliament a copy of the account and the auditor's report and publish the account and that report.

Annual Accounts

55. To review and recommend approval of the Annual Accounts.

Standing Orders, Financial Regulations and Scheme of Delegation

56. To keep under review the Standing Orders, Financial Regulations and Scheme of Delegation and recommend to the Board any amendments.

Other duties

57. The Audit Committee may take on other duties as determined by the Audit Scotland Board.

Appendix 2: Remuneration & Human Resources Committee remit

58. The Remuneration & Human Resources Committee (Remco) will consist of members of the Board. The Accountable Officer became a formal member of Remco during 2021. The Board may appoint persons who are not members of the Board to be members of or advisers to the Remuneration & Human Resources Committee and may pay them such remuneration and expenses as the Board decided.
59. The purposes are detailed in the Remuneration & Human Resources Committee terms of reference.

Remuneration & Human Resources Committee responsibilities

60. In relation to members of Audit Scotland's Executive Team¹, are to:
- Review and approve all terms & conditions of employment, including job descriptions, all pay and benefit reward elements associated with each post.
 - Ensure remuneration policy and strategy is aligned to the relevant public sector policies being implemented by the UK and Scottish Governments.
 - Set and review the overall reward structure, including the value of pay ranges and general annual pay award strategy.
 - Assure itself that effective arrangements are followed for performance assessments in respect of Audit Scotland's Executive Team, including any changes to pay and benefits arising from the assessment of performance during the review period.
 - Review talent management and succession planning arrangements.
 - Approve remuneration packages for newly appointed members of the Executive Team.
 - Recommend appointments and changes affecting Executive Team to the Board.
 - Decide on applications for early retirement.
 - Determine compensation payments for loss of office.
 - Agree, oversee and review the operation of expenses policy.
 - Review the expense claims of the Accountable Officer on an annual basis.
61. In relation to other staff employed by Audit Scotland, are to:

¹ Executive Team is comprised of the Accountable Officer, Chief Operating Officer, Controller of Audit, Executive Director of Audit Services Group, Executive Director of Performance Audit and Best Value and the Executive Director of Innovation and Quality

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- Determine the remuneration policy governing all terms and conditions of employment, including pay, benefits, retirement policy and other policies relating to compensation for loss of office.
 - Ensure remuneration policy and strategy is aligned to the relevant public sector policies being implemented by the UK and Scottish Governments.
 - Approve the parameters for the annual pay award cycle.
 - Review, not less than annually, the application of remuneration policy.
 - Assure itself about any issues relating to the overall performance of employees.

Other duties

62. The Remuneration & Human Resources Committee may take on other duties as determined by the Audit Scotland Board.

Appendix 3: Appeals Committee remit

63. The Appeals Committee will consist of at least two members of the Board.
64. The purpose of the Appeals Committee is:
 - To consider and dispose of any matters requiring independent deliberation which may be referred to it by the Board.
 - To hear and dispose of appeals by members of the Executive Team under the Audit Scotland disciplinary and grievance procedures.

Appendix 4: Co-option procedure

Introduction

65. Audit Scotland's standing orders state that:

- The Board may appoint standing or ad hoc committees consisting of such numbers as the Board may determine. Committees may consist of members and other suitable persons chosen by the Board.
- The Board may appoint advisers and/or co-optees to Committees and pay them such remuneration and expenses as the Board decide. Employees of Audit Scotland, advisers and others may be present at items taken in private at meetings of the Board at the invitation of the members.

Reasons for co-option

66. There may be times when specialist expertise is required which the Board may be unable to fulfil, or when the current or future balance of skills available to the Board's committees may need strengthened.
67. The Board should discuss and agree the specification of skills and experience being sought through co-option.

Nominations process

68. If the Board agrees to co-opt to its committees to fulfil requirements identified under 60 above, an advertisement seeking expressions of interest will be placed on Audit Scotland's website.

Application process

69. Applicants for co-option should provide a written statement of their relevant skills and a CV.
70. Following a shortlisting process, applicants will be interviewed by the Chair of the Board and the Chair of the relevant committee, plus one other member of the Board.
71. Candidates and interviewers must declare any relationships or potential conflicts of interest to the Chair.
72. The Board should approve the final recommendation from the Chair.

Term of Office

73. Co-option is intended to provide specific skills for a fixed term as determined by the Board.
74. There is potential for renewal, subject to the approval of the Board.

Remuneration

75. Remuneration, where applicable, will be determined by the Board and will be no greater than the rate set by the SCPA for Board members.

Conduct of co-opted members

76. Co-opted members will be required to follow the Audit Scotland Code of Conduct for Board members, and the associated disclosure requirements, and their appointment may be terminated by the Chair, subject to the approval of the Board.

Engagement with Scottish Commission for Public Audit

77. The Board will write to the Scottish Commission for Public Audit in advance of the co-option of members to a Committee, setting out:
- 77.1. the reason for co-opting
 - 77.2. the process by which any appointments will be made.

Scheme of Delegation

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Scheme of Delegation

Introduction

1. The Board remains responsible for the exercise of all the functions of Audit Scotland. Regardless of the provisions of this Scheme of Delegation the Board may at any time determine any matter within the competence of Audit Scotland either at the Board's initiative or on the recommendation of an officer to whom the matter is delegated.
2. This Scheme sets out the matters reserved for determination by the Board. All powers which have not been retained as reserved to the Board or specifically delegated in this Scheme will be exercised by the Executive Team or their nominees.
3. The following areas are matters reserved for the Auditor General for Scotland and the Accounts Commission under the provisions of the Local Government (Scotland) Act 1973 and the Public Finance and Accountability (Scotland) Act 2000:
 - 3.1. Appointment of auditors
 - 3.2. Approval of audit work programme

Conditions of delegation

4. The delegations made in this Scheme are subject to the following conditions:
 - 4.1. All delegated powers will be exercised in accordance with the relevant policies decided by the Board.
 - 4.2. Before exercising any delegated function, all appropriate consultations will be undertaken and, in particular, decisions with financial or personnel consequences will be the subject of consultation with the Chief Operating Officer.
 - 4.3. Delegated powers will not be exercised in a manner which is likely to be a cause for public concern.

Reservations to the Board

5. The following matters are reserved for determination by the Board:
 - 5.1. Approval of the Corporate Plan.
 - 5.2. Approval of annual estimates of expenditure and income.
 - 5.3. Approvals of strategic policies relating to the governance of Audit Scotland are a matter for the Board. (Approval of operational policies of Audit Scotland are a matter for the Accountable Officer and the Management Executive Team / Leadership Group).
 - 5.4. Approval of Standing Orders, Financial Regulations and Scheme of Delegation.

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- 5.5. Approval of Annual Accounts and Annual Reports.
 - 5.6. Approval of internal audit arrangements.
 - 5.7. Approval of conditions of service affecting all employees.
 - 5.8. Approval of specific matters referred to in the attached Schedule.
6. Approvals can be remotely provided via DocuSign, an electronic signature system which allows for all parties to sign accounts remotely and securely. DocuSign is acceptable for laying accounts in Parliament and complies with all relevant legislative requirements.
 7. In exceptional circumstances where a decision of the Board is required and it is not possible to convene a meeting of the Board, a member of the Executive Team ¹in consultation with the Chair, or another Board member if the Chair is unavailable, may take the necessary decision and report the action taken to the next meeting of the Board.

Quorum for Executive Team

8. The quorum for the Executive Team is three, comprising of the Accountable Officer or the Chief Operating Officer plus two others.

8.1 In the event of a vacancy at Executive Team level, a member of staff at Audit Director level may attend Executive Team and will count towards the quorum.

8.2 In the event of a vacancy in the role of Chief Operating Officer a member of staff nominated by the Accountable Officer and approved by the Board may take their place for the purposes of Executive Team quorum.

Making, revocation and variation

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

¹ Executive Team is comprised of the Accountable Officer, Chief Operating Officer, Controller of Audit, Executive Director of Audit Services Group, Executive Director or Performance Audit and Best Value and the Executive Director of Innovation and Quality

Schedule

	Matter	Reserved or delegated to	Comment
1	Appointment of employees		
1.1	Appointment of Executive Team	Board	
1.2	Appointment of Audit Directors	Executive Team	
1.3	All other appointments	Executive Team, Directors or their nominees	The Accounts Commission Chair/members will select for appointment the Secretary to the Accounts Commission
1.4	Appointment of Controller of Audit	Not applicable	The Board does not have a role here. The Controller of Audit is appointed by the Accounts Commission
2	Personnel matters		
2.1	Disciplinary action, including dismissal	Appeals Committee and as per approved disciplinary procedure	See Discipline Policy in staff handbook
2.2	Grading of Executive Team posts	Board	See also Job Evaluation procedure in staff handbook
2.3	Grading of Audit Director posts and all other posts	Executive Team	See also Job Evaluation procedure in staff handbook
2.4	Changes to Executive Team	Board	
2.5	Changes to approved establishment below Executive Team	Executive Team	
2.6	Variation of conditions of service for members of the Executive Team	Board	

2.7	Variation of conditions of service for Audit Directors and all other staff	Executive Team	All staff have a right of appeal to the Remuneration & Human Resources Committee or the Board following discussion by the Remuneration & Human Resources Committee
2.8	Decisions on applications for early retirement: <ul style="list-style-type: none"> Executive Team All other employees 	Board Executive Team	
3	Financial matters		
3.1	Approval of expenditure for which there is no provision in the overall budget.	Board	Financial Regulations 15
3.2	Approval of virement within agreed budget: <ul style="list-style-type: none"> Virement between budget groups Virement between budget heads Virement between budget lines 	Executive Team Relevant Executive Directors Budget Holders	Financial Regulations 16
3.3	Virement of salary budget over £250,000, cumulatively in one year	Board	Financial Regulations 16
3.4	Approval of Accounting Policies	Board	Financial Regulation 23
3.5	Approval for the issue of credit cards to members of staff and credit limit to be applied. (To be reported at next Executive Team meeting) Credit Card default limits: <ul style="list-style-type: none"> Executive Team £1,500 Other staff £1,000 	Accountable Officer and Chief Operating Officer	Financial Regulation 31 – 32 See also Credit Card Procedures. Default amounts may be varied by Executive Team, Incident Management Team (IMT) for individuals

			on either a permanent or temporary basis.
3.6	<p>Acceptance of tenders and placing of orders:</p> <ul style="list-style-type: none"> • Above £250,000 • Between £100,000 and £250,000 • Up to £100,000 • Below £50,000 	<p>Board</p> <p>Accountable Officer and Chief Operating Officer</p> <p>Executive Team</p> <p>Budget Holders</p>	<p>Financial Regulations 47</p> <p>Financial Regulations 51 (appointment of auditors)</p> <p>See also the Procurement Handbook</p>
3.7	Acceptance of offers for disposal of assets	As for acceptance of tenders and placing of orders	
3.8	<p>Approval of expenditure within agreed budget:</p> <ul style="list-style-type: none"> • Any budget group • Specific budget group • Specific cost centre budget 	<p>Executive Team</p> <p>Relevant Executive Director</p> <p>Budget Holder</p>	Financial Regulations 53
3.9	<p>Payment of accounts other than to approved auditors:</p> <ul style="list-style-type: none"> • Above £50,000 • Below £50,000 	<p>Executive Team</p> <p>Member of Executive Team or as delegated</p>	<p>Financial Regulations 52 – 58</p> <p>Delegated signatories are approved by Executive Team and are responsible for the expenditure approved. As evidence a delegated purchasing authority letter will be issued. Those with delegated authority may request authority to be passed to members of their staff, but the limit of authority granted must be notified to Executive Team and Finance who will maintain a list of those approved.</p>

3.10	Payment of accounts for orders placed using electronic purchase orders.	Member of Executive Team or as delegated	Electronic purchase orders are sent, via email, to be authorised. The process requires the authoriser to be selected from a list, maintained within the finance system, of signatories delegated to sign for the cost centre and for the value of goods or services being ordered. The signatories are the same as those delegated in the previous section.
3.11	Parameters for automatic payment of electronic purchase orders.	Executive Team	<p>Financial Regulations 59</p> <p>Where an invoice is received as the result of an order placed using the electronic purchase order system it can be processed by Finance for payment if:</p> <ul style="list-style-type: none"> • The order has been marked as received in the electronic purchase order system, • The value shown on the invoice is within the parameters of +5% or - 10% of the value authorised for that order. <p>Any invoice where the value is outwith these parameters must be sent for an additional, manual, authorisation before payment can be made.</p>
3.12	Certification of accounts for payment to approved auditors:	A member of the Audit Quality and Appointments team	Financial Regulations 60

	<ul style="list-style-type: none"> • Interim invoices up to £50,000 and final invoices up to £10,000 • Interim invoices over £50,000 and final invoices over £10,000 	Director, Audit Quality and Appointments or member of Executive Team	
3.13	Miscellaneous expenditure (including travel & subsistence)	The Chief Operating Officer, Secretary to the Accounts Commission, senior managers & other line managers as appropriate. (Details available in Finance)	Financial Regulations 77 - 79 Delegation requires appropriate Executive Director approval and notification to Finance. The initial delegation is £2,000. Variations from this amount may be agreed by the Budget Holder and notified to the Executive Team and Finance who will maintain a list of those approved.

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

Note: Executive Team is defined in section [8-9](#) of the Financial Regulations as follows “the Executive Team consists of the Accountable Officer, the Chief Operating Officer, the Controller of Audit, the Executive Director of Audit Services, the Executive Director of Performance Audit and Best Value, and the Executive Director of Innovation and Quality or such other combination of officers as may be determined from time to time by the Board”. Decisions can only be made by Executive Team when they are quorate as defined in section 6 of this document as follows “The quorum for the Executive Team is three, comprising of the Accountable Officer or the Chief Operating Officer plus two others”.

Financial Regulations



Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Financial regulations

Introduction

1. Audit Scotland is a body corporate established under section 10 of the Public Finance and Accountability (Scotland) Act 2000. It came into existence on 1 April 2000 under the Public Finance and Accountability (Scotland) Act 2000 (Commencement) Order 2000 (SSI 2000 Number 10(c.1)).
2. The Board of Audit Scotland consists of the Auditor General for Scotland (AGS), the Chair of the Accounts Commission and three other members appointed by the Scottish Commission for Public Audit, one of which will be appointed as Chair.
3. Audit Scotland's function is to provide such assistance and support as the AGS and the Accounts Commission require in the exercise of their respective functions and, in particular, is to provide them, or ensure that they are provided, with the property, staff and services which they require for the exercise of those functions. The Accounts Commission shall have power to incur such expenses as appear to them to be necessary or expedient for the proper discharge of their functions, and such expenses shall be met by Audit Scotland.
4. Directions may be given to Audit Scotland by:
 - 4.1. The Auditor General, for the purpose of, or in connection with the exercise of Audit Scotland's functions in relation to the Auditor General,
 - 4.2. The Accounts Commission, for the purpose of, or in connection with the exercise of Audit Scotland's functions in relation to the Accounts Commission
5. Audit Scotland may impose reasonable charges in respect of the exercise of its functions. In determining the amounts of the charges Audit Scotland must seek to ensure that the total sum received in respect of the charges is, taking one year with another, broadly equivalent to its expenditure. Any expenditure not met out of sums received is payable out of the Consolidated Fund.
6. The Scottish Commission for Public Audit (SCPA), established under section 12 of the Public Finance and Accountability (Scotland) Act 2000, has the duty to designate an accountable officer for Audit Scotland. The SCPA has designated the Auditor General as the Accountable Officer. The responsibilities of the Accountable Officer are set out in section 18 of the 2000 Act. They are:
 - 6.1. signing the accounts of the expenditure and receipts of Audit Scotland;
 - 6.2. ensuring the propriety and regularity of the finances of Audit Scotland; and
 - 6.3. ensuring that the resources of Audit Scotland are used economically, efficiently and effectively.

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7. All members of the Board and all employees, shall conduct their business with diligence and with a view to the security of the property of Audit Scotland, avoiding loss, exercising economy and efficiency in the use of resources and conforming with the requirements of Standing Orders, Financial Regulations and the Scheme of Delegation.
 8. The Board has made Standing Orders, these Regulations and a Scheme of Delegation to govern the operation of Audit Scotland. They should be read together.

Definitions and interpretation

9. In these Regulations terms will have the following meanings:
 - 9.1. “the 2000 Act” means the Public Finance and Accountability (Scotland) Act 2000
 - 9.2. “the 1973 Act” means the Local Government (Scotland) Act 1973
 - 9.3. “the Board” means the members of Audit Scotland acting together to discharge the functions of Audit Scotland
 - 9.4. “the Executive Team” consists of the Accountable Officer for Audit Scotland, the Chief Operating Officer, the Controller of Audit, the Executive Director of Audit Services, the Executive Director of Performance Audit and Best Value and the Executive Director of Innovation and Quality, or such other combination of officers as may be determined from time to time by the Board.

Corporate Plan

10. A Corporate Plan will be prepared and will be reviewed annually by the Board. It will set out the strategic approach to be adopted by Audit Scotland in performing its functions. So far as possible, it will outline the financial consequences of proposals contained in it.
11. The Corporate Plan will be approved by the Board.

Budget

12. The financial year of Audit Scotland is 1 April to 31 March.
13. Proposals for the use of resources and expenditure for each financial year will be submitted to the SCPA at such times as the Commission requires to enable it to examine the proposals and report to the Parliament under section 11(9) of the 2000 Act.
14. Estimates of expenditure and income will be submitted as budget proposals to the Board for approval prior to the submission to the SCPA. Provided the SCPA report has been submitted to and approved by Parliament, a final version of the budget will be submitted to the Board not later than 31 March in the year preceding the financial year to which it relates.
15. In the event that Parliament has not approved the budget, a version of the budget that includes our best estimate of operational changes will be submitted to the Board by 31 March. A final version to be submitted when the Scottish Government budget is passed.

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16. No expenditure will be incurred unless there is provision for the expenditure within the overall budget approved by the Board. Approval of expenditure where there is no provision within the overall budget will be made by the Board. (Scheme of delegation 3.1)
 17. There may be virement within the budget, in accordance with the Scheme of Delegation. (Scheme of delegation 3.2 and 3.3)

Budgetary control and reporting

18. Financial performance will be monitored against budget and reported regularly to the Executive Team and at least quarterly to the Board.
19. Systems of budgetary control will be devised and maintained to include:
 - 19.1. Regular financial reports as prescribed above containing -
 - 19.1.1. income and expenditure to date and, when relevant, forecast year end position
 - 19.1.2. explanations of any material variations
 - 19.1.3. details of any corrective action necessary
 - 19.1.4. virement
 - 19.2. The issue of timely, accurate and comprehensible advice on financial reports to each budget holder covering the areas for which they are responsible
 - 19.3. Arrangements for the authorisation of virement.
20. Each budget holder will be responsible for the management of their budgets within the approved policies of the Board.
21. In exceptional circumstances, for example, a national pandemic increased reporting on financial performance may be required by the Incident Management Team, Audit Committee and Board.

Accounting

22. An effective system of internal financial control will be maintained including detailed financial procedures and systems incorporating the principles of separation of duties and internal checks. These will be documented and maintained.
23. Proper records will be maintained to show and explain Audit Scotland's transactions in order to disclose, with reasonable accuracy, the financial position of Audit Scotland at any time.
24. Accounting policies will be set consistent with appropriate guidance and all accounting procedures and records will be consistent with any form of accounts prescribed. Accounting policies will be approved by the Board. (Scheme of delegation 3.4)
25. Annual Accounts will be prepared and submitted to the Board for approval no later than 31 August in respect of the financial year finishing on the 31 March.

Bank accounts

26. HM Treasury require public bodies to operate a bank account through the Government Banking Service (GBS), to allow the transfer of monies from central accounts to public bodies and vice-versa.
27. Apart from the requirement to use a bank specified by the GBS for the transfer of central funds, Audit Scotland will, for day to day banking and transactions, make arrangements for the appointment of bankers in accordance with the provisions for the letting of contracts set out in these Regulations.
28. No Audit Scotland monies will be held in any bank accounts outwith those approved by the Board.
29. Detailed arrangements and instructions on the operation of bank accounts will be prepared and maintained as Treasury Management Procedures by the finance department, and will include:
 - 29.1. The conditions under which each bank account is to be operated.
 - 29.2. The limit to be applied to any overdraft.
 - 29.3. Those authorised to sign cheques or other orders drawn on Audit Scotland's bank accounts, and the limits of their authority in accordance with the Scheme of Delegation.
30. Banking arrangements will be reviewed at regular intervals to ensure that they reflect best practice and represent best value for money.
31. Controlled stationery (e.g. cheques) will be held securely at all times and proper records will be maintained in relation to such stationery.

Credit Cards

32. Credit cards will be offered to members of the Executive Team automatically. Credit cards will also be offered to other members of staff, with the specific approval of the Accountable Officer, the Chief Operating Officer, and/or Incident Management Team where there is an on-going requirement for credit card use.
33. The default credit limit for all cards will be set in the Scheme of Delegation and variations for individual cards will be approved by the Executive Team and/or the Incident Management Team. (Scheme of delegation 3.5)

Income

34. Systems will be designed and maintained for the proper recording, invoicing, collection and coding of all monies due to Audit Scotland.
35. All monies received will be banked promptly.
36. Arrangements will be made for appropriate recovery action on all outstanding debts.

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37. Fees and charges, including fees to audited bodies, will be determined in accordance with policies decided by the Board.

Investments and borrowings

38. No borrowing or investments will be made without the expressed agreement of the Board. In exceptional circumstances the Accountable Officer may consult with the Chair of the Board and agree a short term borrowing strategy, but this must be reported to, and ratified by the full Board at the earliest opportunity.
39. All short term borrowings will be kept to the minimum period of time possible, consistent with the overall cash flow position.
40. Any long term borrowing must be consistent with policies decided by the Board.
41. Detailed procedural instructions will be prepared on the operation of investment accounts and regular reports will be made to the Board on the performance of any investments held.

Insurance

42. Arrangements will be made to ensure that all insurance cover is effected, periodically reviewed and adjusted as necessary.
43. Insurance arrangements will be reviewed regularly and the market will be competitively tested and costs will be sought for insurance services in accordance with the provisions set out in these Regulations at least every three years.

Tendering procedures

44. Tendering procedures are contained in the Procurement Handbook, which is published on SharePoint. This document provides information on the procedures to be adopted by Audit Scotland staff when purchasing any goods and services and the need to follow value for money principles when carrying out this activity.
45. No contract for the supply of goods and materials, the provision of services or for the execution of works will be made where the probable cost, over the contract period, exceeds £50,000 unless tenders have been invited by advertisement on Public Contracts Scotland, the Scottish Government procurement system.
46. In exceptional circumstances the Chair of the Board, on a report by the Accountable Officer, may except a contract from the above provisions and direct adoption of such other procedure for the letting of the contract as seems appropriate. The decision will be notified to the full Board at the earliest opportunity.
47. Standing contracts for the provision of goods, materials, services or works will be kept under review and competitive tenders for such standing contracts will be sought at least every three years, or later if the contract has been extended under the terms of the original contract. No extension will be greater than three additional years before retendering.

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48. The overall value of the tender will determine who is required to approve the acceptance of the tender and place the order for the goods, materials or service. The Scheme of Delegation will list those authorised to accept and place orders. (Scheme of delegation 3.6)
 49. All orders will be generated through the electronic ordering system. Orders will be sent for authorisation in accordance with the procedure contained within the Scheme of Delegation (Scheme of Delegation 3.10). All orders must be made in accordance with the procedures and controls and within the terms of the Scheme of Delegation.
 50. Official orders will be issued for all work, goods or services to be supplied to Audit Scotland except for supplies of public utility services or periodical payments such as rent or rates or such other exceptions as may be approved by the Executive Team.
 51. Government directives prescribing procedures for awarding forms of contracts shall have effect as if incorporated in these Regulations and Audit Scotland's Procurement Handbook should be followed as appropriate.
 52. The appointment of auditors under section 97(6) of the 1973 Act and section 21(3) of the 2000 Act will be recommended to the Accounts Commission and the Auditor General for Scotland respectively at such intervals as they require. With the exception of the interval between awards (see paras 42-44), the procedure relating to these contracts should follow the procedure set out in these Regulations.

Payment of accounts

53. Before an invoice is paid the certifying officers will satisfy themselves that the account has not been previously passed for payment and is a proper liability of Audit Scotland and that:
 - 53.1. The works, goods or services to which the account relates have been received or carried out satisfactorily.
 - 53.2. Prices, extensions, calculations, trade discounts, other allowances, credits and tax are correct.
 - 53.3. The expenditure has been authorised and is within the relevant estimate provisions.
54. All duly certified invoices shall be authorised for payment by the officer authorised under the Scheme of Delegation. (Scheme of delegation 3.8)
55. An officer shall not add any additional items to an invoice rendered to Audit Scotland by a supplier.
56. When an order has been placed using the electronic purchase ordering (EPO) system, this process incorporates authorisation of the payment prior to an order being placed. In these circumstances the authoriser will be advised of the cost of the goods or services, or an estimate if a firm cost is not available, at the time they receive the EPO. Authorisers are required to satisfy themselves that the cost displayed is reasonable and represents value for money, before they electronically sign the order. Once an EPO is signed the system will not allow any changes to the order by the authoriser or the originator.

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57. The EPO system maintains a list of staff with delegated authority to authorise expenditure, as per para. 51 above.
 58. When the goods or services have been received the originator records the receipt through the EPO system.
 59. On receipt of the invoice, Finance will check whether the goods or services have been marked as received. The invoiced amount charged will be checked against the EPO submitted and, if the amount is within the parameters agreed by the Executive Team, the invoice will be accepted and paid. (Scheme of delegation 3.10)
 60. Executive Team will set agreed parameters and if the value of the invoice is outwith the agreed parameters it will be sent back to the authoriser for an additional manual authorisation. The invoice will not be paid until the second authorisation has been received. (Scheme of delegation 3.11)
 61. The receipt, certification and payment of accounts to approved auditors are subject to separate arrangements under the Scheme of Delegation. (Scheme of delegation 3.12)

Audit

62. The Board will establish an Audit Committee with clearly defined terms of reference under Standing Orders.
63. The external auditor is appointed by the SCPA to report on whether expenditure and income have been applied lawfully and the accounts comply with the accounts direction. The external auditor will report to the SCPA who must lay the report and accounts before Parliament and publish them.
64. The internal auditor is appointed by Audit Scotland and reports to the Executive Team and the Audit Committee on systems of internal control.
65. The external and internal auditor are entitled to:
 - 65.1. enter any Audit Scotland establishment at all reasonable times; ~~with or without previous notice;~~
 - 65.2. have reasonable and appropriate access to all records, documents and correspondence (including computer records) relating to financial and other transactions of Audit Scotland;
 - 65.3. require and receive explanations as are necessary concerning any matter under examination;
 - 65.4. require any employee of Audit Scotland to produce cash, equipment or any other property under his/her control; and
 - 65.5. direct access to the Chair of the Audit Committee.

Security and Fraud Prevention

66. Arrangements will be made to develop and document effective policies on:
- 66.1. Prevention of fraud and irregularity.
 - 66.2. IT security.
 - 66.3. Security of assets.
67. Proper security must be maintained, at all times, for all buildings, stores, furniture, equipment, cash, information, etc.
68. A register of secure key containers will be maintained by Business Support and kept under review by the Chief Operating Officer. Keys removed from the secure key containers will be signed for and are to be kept safe at all times until returned. The loss of any such keys must be reported immediately to Business Support staff.
69. A register of staff ID (office access) badges and building access fobs will be maintained by Business Support. The loss of ID badges will be reported immediately to Business Support and the Corporate Governance Manager. The ID badges will be deactivated immediately.
70. The Chief Operating Officer is responsible for maintaining proper security and privacy relative to information held in the computer installations.
71. Under the terms of the Counter Fraud Policy, employees are required to notify their Business Group Executive Director or Director of any financial irregularity or suspected irregularity. Such concerns may be raised under the terms of the Whistleblowing Policy if considered appropriate. The employee, or senior management to whom the concerns are reported, must also advise the Chief Operating Officer. Details of these policies are available to all staff through the staff handbook.

Salaries, wages and pensions

72. Arrangements will be made for the payment of all salaries, wages, pensions, compensation and other emoluments due to all employees or former employees of Audit Scotland or the Accounts Commission, the Auditor General for Scotland, appropriate members of the Board and to members of the Accounts Commission.
73. Salaries and other payments will normally be paid by direct transfer to a nominated bank account.
74. A record of all matters affecting the payment of such emoluments shall be kept and in particular the following information will be recorded:
- 74.1. appointments, resignations, dismissals, suspensions, secondments and transfers;
 - 74.2. absences from duty for sickness or other reason, including approved leave;
 - 74.3. changes in remuneration, including those arising from normal increments and pay awards and agreements of special and general application;

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- 74.4. information necessary to maintain records of service for superannuation, income tax, national insurance and the like;
 - 74.5. particulars of any deduction from salary for loans, subscriptions and the like, and the authority for such deduction.
- 75. All deductions and changes in gross pay entitlement will be certified by Human Resources or other appropriate person and checked by a second officer prior to payment.
 - 76. Pension payments are paid to former staff through the appropriate pension agency. Audit Scotland's role is to make the required deductions from salary and to provide the information which is required from time to time by the pension supplier to allow them to maintain their records, provide information about pensions and make payments.
 - 77. There are special arrangements in place relating to pensions for former Ombudsman staff and the former Auditors General, which are separate from the arrangements for Audit Scotland.

Travelling, subsistence, expenses and other allowances

- 78. The Secretary to the Accounts Commission shall review, authorise and ensure all travelling or other allowances are paid to Commission Members and advisers who are entitled to claim them upon receipt of a fully completed expense claim form.
- 79. The Chief Operating Officer shall review, authorise and ensure all travelling or other allowances are paid to Board members and advisers who are entitled to claim them upon receipt of a fully completed expense claim form.
- 80. All claims by staff for payment of car mileage allowances, subsistence allowances, travelling and incidental expenses and any advances shall be submitted duly certified and made up to the end of each month and in accordance with the current travel and subsistence policy, published in the staff handbook, and the expenses procedures published on the intranet. The officers authorised to certify such records shall be determined by the Scheme of Delegation. Initial delegation is £2,000. (Scheme of delegation 3.13)

Observance of Financial Regulations

- 81. It shall be the duty of the Accountable Officer to ensure that these regulations are made known to the appropriate Audit Scotland staff and to ensure that they are adhered to.
- 82. Any breach or non-compliance with these Regulations must, on discovery, be reported immediately to the Chief Operating Officer who will discuss the matter with the Accountable Officer in order to determine the proper action to be taken. Such concerns may be raised under the terms of the Whistleblowing Policy if considered appropriate.

Variation of Financial Regulations

- 83. These Regulations may be varied from time to time by the Board on receipt of a report and recommendations from the Accountable Officer.

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84. The Chair of the Board may authorise, on a report from the Accountable Officer, exceptional treatment of a matter covered by these Regulations. Any such exceptions will be reported in writing to the next available meeting of the Board.

Members' Code of Conduct



Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Guidance on the Code of Conduct

Introduction

1. The Scottish public has a high expectation of those who serve on the boards of public bodies and the way in which they should conduct themselves in undertaking their duties for the public body. You must meet those expectations by ensuring that your conduct is above reproach and by embracing our core values, which are:
 - Independence, integrity and objectivity.
 - Valuing people and ensuring equality and fairness.
 - Effective communication.
2. As a member of Audit Scotland, it is your responsibility to make sure that you are familiar with, and that your actions comply with, the provisions of this Code of Conduct.
3. You must observe the rules of conduct contained in this Code. It is your personal responsibility to comply with these and review regularly, and at least annually, your personal circumstances with this in mind, particularly when your circumstances change. You must not at any time advocate or encourage any action contrary to the Code of Conduct.
4. The Code has been developed in line with the key principles listed in paragraph 6 and provides additional information on how the principles should be interpreted and applied in practice. No Code can provide for all circumstances and if you are uncertain about how the rules apply, you should seek advice from the [Ethics Partner Chief Operating Officer](#). You may also choose to consult your own legal advisers and, on detailed financial and commercial matters, seek advice from other relevant professionals.
5. You should familiarise yourself with the Scottish Government publications "On Board – a guide for board members of public bodies in Scotland" and "Members of devolved public bodies: model code of conduct - revised edition December 2021". These publications will provide you with information to help you in your role as a member of a public body in Scotland and can be viewed on the Scottish Government website.

Key principles of the Code of Conduct

6. The general principles upon which this Code of Conduct are based are:

Duty

You have a duty to uphold the law and act in accordance with the law and the public trust placed in you. You have a duty to act in the interests of Audit Scotland of which you are a member and in accordance with its core functions and duties.

Selflessness

You have a duty to take decisions solely in terms of public interest. You must not act in order to gain financial or other material benefit for yourself, family or friends.

Integrity

You must not place yourself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence you in the performance of your duties.

Objectivity

You must make decisions solely on merit and in a way that is consistent with the functions of Audit Scotland when carrying out public business including making appointments, awarding contracts or recommending individuals for rewards and benefits.

Accountability and stewardship

You are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others and must ensure that Audit Scotland uses its resources prudently and in accordance with the law.

Openness

You have a duty to be as open as possible about your decisions and actions, giving reasons for your decisions and restricting information only when the wider public interest clearly demands.

Honesty

You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

You have a duty to promote and support these principles by leadership and example, to maintain and strengthen the public's trust and confidence in the integrity of Audit Scotland and its members in conducting public business.

Respect

You must respect fellow members of Audit Scotland and its employees and the role they play, treating them with courtesy at all times. Similarly, you must respect members of the public when performing duties as a member of Audit Scotland.

7. You should apply the principles of this Code to your dealings with fellow members of Audit Scotland, its employees and other stakeholders. Similarly, you should also observe the principles of this Code in dealings with the public when performing duties as a member of a public body.

General conduct

8. The rules of good conduct in this section must be observed in all situations where you act as a member of Audit Scotland.

Conduct

9. You must treat the chair, your colleagues and employees of Audit Scotland with courtesy and respect. This includes in person, in writing, at meetings, when you are online and when you are using social media.
10. You must comply with rulings from the chair in the conduct of the business of these meetings.

Relationships with Board Members, employees of Audit Scotland and others

11. Audit Scotland values and promotes diversity and equality of opportunity. You will carry out your duties following the principles within our Diversity and Equality policy.
12. You will treat your fellow board members and any staff employed by Audit Scotland with courtesy and respect. It is expected that fellow board members and employees will show you the same consideration in return. It is good practice for employers to provide examples of what is unacceptable behaviour in their organisation. Public bodies should promote a safe, healthy and fair working environment for all. As a board member you should be familiar with, and understand the policies of Audit Scotland in relation to bullying and harassment in the workplace and also lead by exemplar behaviour. You will accept exhibiting certain behaviours is as important as what you communicate, given that disrespect, bullying and harassment can be physical, verbal and non-verbal conduct.
13. You will not become involved in operational management of Audit Scotland, except where it is explicit within your role. You acknowledge and understand that operational management is the responsibility of the Chief Operating Officer and the Executive Team.
14. You will not undermine any individual employee or a group of employees, or raise concerns about their performance, conduct or capability in public. You will raise any concerns on such matters in private with the Executive Team as appropriate
15. You will not take, or seek to take, unfair advantage of your position in dealing with employees of Audit Scotland or bring undue influence to bear on employees to take a certain action. You will not ask or direct employees which you know, or should reasonably know, could compromise them or prevent them from undertaking their duties properly and appropriately.
16. You will accept the principle of collective decision-making and corporate responsibility. This means that once the Board has made a decision, you will support that decision, even if you did not agree with it or vote with it.

17. Relationships may be developed with you by others to influence our work or to acquire confidential or sensitive information for personal gain. Those seeking to develop a relationship with you may also offer a financial or other benefit to supply them with information. These relationships are inappropriate and bring risks to your personal reputation and that of Audit Scotland (see Section on Bribery and Corruption). You must inform the Chair of the Board and [the Ethics Partner/Chief Operating Officer](#) of any such approaches, relationships or offers of financial or other benefits, and you should discuss any concerns about any such issues as soon as possible so that Audit Scotland can support and advise you.

Remuneration, allowances and expenses

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

Bribery and corruption

19. Bribery is the offering, giving, receiving, or soliciting of any item of value or advantage to influence the actions of an official or any other person in charge of a public or legal duty.
20. It is important that you are aware that it is a serious criminal offence for you to:
- give, receive or solicit a bribe (i.e. to corruptly receive or give any gift, loans, fee, reward or advantage) in return for doing or not doing anything
 - show favour or disfavour to any person in the course of your work with Audit Scotland.
21. It is also important to be aware that an act of bribery by an individual may render Audit Scotland liable of committing an offence.
22. Audit Scotland has a zero tolerance to bribery and corruption therefore corrupt actions, including bribery, can lead to dismissal and prosecution.

Gifts and hospitality

23. You must never ask or seek gifts or hospitality.
24. You must not accept any offer by way of a gift or hospitality which could give rise to a real or substantive personal gain or reasonable suspicion of influence on your part to show favour, or disadvantage, to any individual or organisation. You should also consider whether there may be any reasonable perception that any gift received by your spouse or cohabitee or by any company in which you have a controlling interest, or by a partnership of which you are a partner, can or would influence your judgement. The term 'gift' includes benefits such as relief from indebtedness, loan concessions, or provision of services at a cost below that generally charged to members of the public.
25. You are personally responsible for all decisions connected with the offer or acceptance of gifts or hospitality offered to you and for avoiding the risk of damage to public confidence in Audit Scotland. As a general guide, it is usually appropriate to refuse offers except:

- isolated gifts of a minor nature or token of modest intrinsic value offered on an infrequent basis, the value of which must not exceed £50
 - normal hospitality associated with your duties, hospitality which has been approved in advance by Audit Scotland and which would reasonably be regarded as appropriate; or
 - gifts received on behalf of Audit Scotland.
26. You must not accept any offer of a gift or hospitality from any individual or organisation which stands to gain or benefit from a decision Audit Scotland may be involved in determining, or who is seeking to do business with us, and which a person might reasonably consider could or would influence my judgement. If you are making a visit in your capacity as a member of Audit Scotland then, as a general rule, you should ensure that Audit Scotland pays for the cost of the visit.
27. You must not accept repeated hospitality from the same source.
28. You will not allow the promise of money or other financial advantage to induce you to act improperly in your role as a Board member. You accept that the money or advantage (including any gift or hospitality) does not have to be given to you directly. The offer of monies or advantages to others, including community groups, may amount to bribery, if the intention is to induce me to improperly perform a function.
29. You will not accept any gift or hospitality from any individual or applicant who is awaiting a decision from, or seeking to business with Audit Scotland.
30. Members of Audit Scotland should familiarise themselves with the terms of the Bribery Act 2010 which provides for offences of bribing another person and offences relating to being bribed.
31. You **must declare the giving and acceptance of any gifts or hospitality received by you or gifts and hospitality declined in your capacity as a member of Audit Scotland** to the ~~Chief Operating Officer~~ Ethics Partner who will record the declaration in a register kept for that purpose.

Audit Scotland only recognises and approves the giving of gifts or hospitality if recorded in the register and the expenditure is detailed in our financial accounting system. All reimbursement claims for gifts or hospitality given through expenses must be in accordance with the remuneration, allowances and expenses policy.

To assist Members the following guidance indicates items that do not require recording or disclosure:

- Working lunches at audited bodies, partner firms, working groups/committees/boards, professional institutes and other public bodies.
- Meals and accommodation incidental to the attendance at conferences, seminars and workshops.
- Giving or receiving gifts of modest value such as a pen or book.

Items that do require disclosure would therefore include:

- Isolated gifts in excess of £50.
 - Meals in external restaurants whether working or not.
 - Attendance at functions organised/hosted by professional bodies e.g. Institute Annual Dinners.
 - Receptions held by public bodies, partner firms or other parties where there is a widespread range of attendees e.g. gallery viewings.
 - Functions where the focus of the event is an awards ceremony which involves a public sector element.
 - Meals paid for by visiting delegations from other audit offices, organisations and Parliaments/Governments.
 - Provision of accommodation, travel or corporate hospitality to others.
32. Details of any gift or hospitality will be made available for public inspection through publication of the register on Audit Scotland's website.

Confidentiality requirements

33. Audit Scotland carries out its work in the public interest and is committed to the principle of openness. However, there may be times when you will be required to treat discussions, documents or other information relating to the work of Audit Scotland in a confidential manner. You will often receive information of a private nature which is not yet public, or which perhaps would not be intended to be public. There are provisions in other legislation, such as the Data Protection Act 2018 and the Freedom of Information (Scotland) Act 2002, on the categories of confidential and exempt information and you must always respect and comply with the requirement to keep such information private.
34. You will only use confidential information to undertake your duties as a Board member. It is unacceptable to disclose any information to which you have privileged access, for example derived from a confidential document, either orally or in writing. In the case of other documents and information, you are requested to exercise your judgement as to what should or should not be made available to outside bodies or individuals. In any event, such information should never be used for the purpose of personal or financial gain, or used in such a way as to bring Audit Scotland into disrepute.
35. Breaches of confidentiality or information security will be treated with utmost seriousness and could prompt an investigation. Any wilful breach such as, unauthorised access or supply of information to others could lead to termination of your position with Audit Scotland and could lead to a criminal prosecution under Data Protection legislation. If you are in any doubt about a matter of confidentiality or information security, please check with the [Ethics Partner Chief Operating Officer](#).
36. If you are involved in an act that could cause Audit Scotland reputational risk or bring the organisation into disrepute e.g. you are arrested or charged for a criminal offence, you must inform Audit Scotland at the earliest available opportunity.

Use of Audit Scotland's resources

37. Members of Audit Scotland must not misuse facilities, equipment, stationery, telephony, computer, information technology equipment and services, or use them for party political or campaigning activities. Use of such equipment and services, etc must be in accordance with Audit Scotland's policy and rules on their usage. Care must also be exercised when using social media networks not to compromise your position as a member of Audit Scotland.
38. You will not use, or in any way enable others to use Audit Scotland's resources imprudently, unlawfully, for any political activities or matters relating to these, or improperly.

Other Appointments

39. Non-Executive Members must seek the approval of the SCPA prior to accepting any additional office, employment or appointment or engaging in any other occupation.

Conflicts of Interest

40. You may not hold any other office, employment or appointment or engage in any other occupation which would conflict with your responsibilities and duties as a member of Audit Scotland.

Registration of Interests

Introduction

41. The following paragraphs set out the kinds of interests, financial and otherwise which you have to register. These are called 'Registerable Interests'. You must at all times ensure that these interests are registered, when you are appointed and/or within one month of whenever your circumstances change in such a way as to require change or an addition to your entry in the Register. It is your duty to ensure any changes in circumstances are reported within one month of them changing. It is a breach of this Code not to comply with these requirements.
42. You should review regularly and at least once a year your personal circumstances. The interests which require to be registered are those set out in the following paragraphs and relate to you. It is not necessary to register the interests of your spouse or cohabitee.

Remuneration

43. You have a registrable interest where you receive remuneration by virtue of being:
 - employed;
 - self-employed;
 - the holder of an office;
 - a director of an undertaking;
 - a partner in a firm;
 - appointed or nominated by Audit Scotland to another body; or
 - undertaking a trade, profession or vocation or any other work.
44. In relation to [42-43](#) above, the amount of remuneration does not require to be registered and remuneration received as a member does not have to be registered.
45. If a position is not remunerated it does not need to be registered under this category. However, you must note that unremunerated directorships may need to be registered under the category of 'Related undertakings' or 'Other roles'.
46. If you receive any allowances in relation to membership of any organisation, the fact that you receive such an allowance must be registered.
47. When registering employment, you must give the name of the employer, the nature of its business, and the nature of the post held in the organisation.
48. When registering self-employment, you must provide the name and give details of the nature of the business. When registering an interest in a partnership, you must give the name of the partnership and the nature of its business.
49. When registering a directorship, it is necessary to provide the registered name of the undertaking in which the directorship is held and provide information about the nature of its

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

50. Where you undertake a trade, profession or vocation, or any other work, the detail to be given is the nature of the work and its regularity. For example, if you write for a newspaper, you must give the name of the publication and the frequency of articles for which you are paid.
51. Registration of a pension is not required as this falls outside the scope of the category.

Related undertakings

52. You must register any directorships held which are themselves not remunerated but where the company (or other undertaking) in question is a subsidiary of, or a parent of, a company (or other undertaking) in which you hold a remunerated directorship.
53. You must register the name of the subsidiary or parent company or other undertaking and the nature of its business, and its relationship to the company or other undertaking in which you are a director and from which you receive remuneration.
54. The situations to which the above paragraphs apply are as follows:
 - You are a director of a board of an undertaking and receive remuneration declared under remuneration - and
 - You are a director of a parent or subsidiary undertaking but do not receive remuneration in that capacity.

Contracts

55. You have a registrable interest where you (or a firm in which you are a partner, or an undertaking in which you are a director or in which you have shares of a value as described in [60-59](#) below) have made a contract with the public body of which you are a member:
 - under which goods or services are to be provided, or works are to be executed; and
 - which has not been fully discharged.
56. You must register a description of the contract, including its duration, but excluding the consideration.

Houses, land and buildings

57. You have a registrable interest where you own or have any other right or interest in houses, land and buildings, which may be significant to, of relevance to, or bear upon, the work and operation of Audit Scotland to which you are appointed.
58. The test to be applied when considering appropriateness of registration is to ask whether a member of the public acting reasonably might consider any interests in houses, land and buildings could potentially affect your responsibilities to the organisation to which you are appointed and to the public, or could influence your actions, speeches or decision making.

Interest in shares and securities

59. You have a registerable interest where you have an interest in shares comprised in the share capital of a company or other body which may be significant to, of relevance to, or bear upon, the work and operation of (a) the body to which you are appointed and (b) the nominal value of the shares is:
- (i) greater than 1% of the issued share capital of the company or other body; or
 - (ii) greater than £25,000.
60. Where you are required to register the interest, you should provide the registered name of the company in which you hold shares; the amount or value of the shares does not have to be registered.

Non-financial interests

61. You may also have a registerable interest if you have non-financial interests which may be significant to, of relevance to, or bear upon, the work and operation of Audit Scotland to which you are appointed. It is important that relevant interests such as membership or holding office in other public bodies, companies, clubs, societies and organisations such as trades unions and voluntary organisations, are registered and described.
62. In the context of non-financial interests, the test to be applied when considering appropriateness of registration is to ask whether a member of the public might reasonably think that any non-financial interest could potentially affect your responsibilities to the organisation to which you are appointed and to the public, or could influence your actions, speeches or decision-making in Audit Scotland.

Related party disclosure

63. Related Party Disclosures is a requirement of International Accounting Standard 24. It is a requirement of the Code of Conduct that Board Members and Directors sign an annual declaration at the financial year end stating that you were not aware of any related party transactions in the year.
64. A related party is a person or entity that is related to the entity that is preparing its financial statements.
- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
 - (b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Declaration of interests

Introduction

65. The key principles of the Code, especially those in relation to integrity, honesty and openness, are given further practical effect by the requirement for you to declare certain interests in proceedings of Audit Scotland. Together with the rules on registration of interests, this ensures transparency of your interests which might influence, or be thought to influence, your actions. The objective test involved in determining whether you should make a declaration of your interests fall into three stages: connection, interest and participation as set out below:

Connection

- 65.1. For each particular matter you are involved in as a Board Member, you will first consider whether you have a connection to that matter.
- 65.2. You understand that a connection is any link between the matter being considered and you, as a person or body you are associated with. This could be a family relationship or a social or professional contact.
- 65.3. A connection includes anything that you have registered as an interest.
- 65.4. A connection does not include being a member of a body to which you have been appointed or nominated by Audit Scotland, unless (a) the matter being considered by Audit Scotland is quasi-judicial or regulatory, or (b) You have a personal conflict by reason of your actions, your connections, or your legal obligations.

Interest

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

Participation

- 65.6. You will declare your interest as early as possible in meetings. You will not remain in the meeting nor participate in any way in those parts of the meetings where you have declared an interest.
- 65.7. You will consider whether it is appropriate for transparency reasons to state publicly where you have a connection, which you do not consider amounts to an interest.
- 65.8. You note that you can apply to the Standards Commission and ask it to grant a dispensation to allow you to take part in the discussion and decision-making on a matter where you would otherwise have to declare an interest and withdraw (as a result of having a connection to the matter that would fall within the objective test). You note that

such a dispensation is sought and that you cannot take part in any discussion or decision-making on the matter in questions, unless, and until, a conclusion is reached.

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

- 66.** Public bodies inevitably have dealings with a wide variety of organisations and individuals and this Code indicates the circumstances in which a business or personal interest must be declared. Public confidence in Audit Scotland and its members depends on it being clearly understood that decisions are taken in the public interest and not for any other reason.
- 67.** In considering whether to make a declaration in any proceedings, you must consider not only whether you will be influenced but whether anybody else would think that you might be influenced by the interest. You must, however, always comply with the objective test ('the objective test') which is whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your discussion or decision making in your role as a member of Audit Scotland.
- 68.** If you feel that, in the context of the matter being considered, your involvement is neither capable of being viewed as more significant than that of an ordinary member of the public, nor likely to be perceived by the public as wrong, you may continue to attend the meeting and participate in both discussion and voting. The relevant interest must however be declared. It is your responsibility to judge whether an interest is sufficiently relevant to particular proceedings to require a declaration and you are advised to err on the side of caution. If a board member is unsure as to whether a conflict of interest exists, they should seek advice from the board chair.
- 69.** As a member of Audit Scotland you might serve on other bodies. In relation to service on the boards and management committees of limited liability companies, public bodies, societies, and other organisations, you must decide, in the particular circumstances surrounding any matter, whether to declare an interest. Only if you believe that, in the particular circumstances, the nature of the interest is so remote or without significance, should it not be declared. You must always remember the public interest points towards transparency and, in particular, a possible divergence of interest between Audit Scotland and another body. Keep particularly in mind the advice in paragraph [34-41](#) of this Code about your legal responsibilities to any limited company of which you are a director.

Interests which require declaration

- 70.** Interests which require to be declared, if known to you may be financial or non-financial. They may or may not cover interests which are registerable under the terms of this Code. Most of the interests to be declared will be your personal interests but, on occasion, you will have to

consider whether the interests of other persons require you to make a declaration. The paragraphs which follow deal with (a) your financial interests (b) your nonfinancial interests and (c) the interests, financial and non-financial, of other persons.

71. You will also have other private and personal interests and may serve, or be associated with, bodies, societies, and organisations as a result of your private and personal interests and not because of your role as a member of Audit Scotland. In the context of any particular matter you will need to decide whether to declare an interest. You should declare an interest unless you believe that, in the particular circumstances, the interest is too remote or without significance. In reaching a view on whether the objective test applies to the interest, you should consider whether your interest (whether taking the form of association or the holding of office) would be seen by a member of the public acting reasonably in a different light because it is the interest of a person who is a member of Audit Scotland as opposed to the interest of an ordinary member of the public.

Your financial interests

72. You must declare, if it is known to you, any financial interest (including any financial interest which is registerable under any of the categories prescribed in the remuneration section of this Code).
73. There is no need to declare an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.
74. You must withdraw from the meeting room until discussion of the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

Your non-financial interests

75. You must declare, if it is known to you, any non-financial interest if:
 - (i) that interest has been registered under Non-Financial Interests (paragraphs 52 and 53) of the Code; or
 - (ii) that interest would fall within the terms of the objective test.
76. There is no need to declare an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.
77. You must withdraw from the meeting room until discussion of the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

The financial interests of other persons

78. The Code requires only your financial interests to be registered. You also, however, have to consider whether you should declare any financial interest of certain other persons.
79. You must declare if it is known to you any financial interest of: -
- (i) a spouse, a civil partner or a co-habitee;
 - (ii) a close relative, close friend or close associate;
 - (iii) an employer or a partner in a firm;
 - (iv) a body (or subsidiary or parent of a body) of which you are a remunerated member or director;
 - (v) a person from whom you have received a registerable gift or registerable hospitality;
 - (vi) a person from whom you have received registerable expenses.
80. There is no need to declare an interest if it is so remote or insignificant that it could not reasonably be taken to fall within the objective test.
81. You must withdraw from the meeting room until discussion of and voting on the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.
82. This Code does not attempt the task of defining “relative” or “friend” or “associate”. Not only is such a task fraught with difficulty but is also unlikely that such definitions would reflect the intention of this part of the Code. The key principle is the need for transparency in regard to any interest which might (regardless of the precise description of relationship) be objectively regarded by a member of the public, acting reasonably, as potentially affecting your responsibilities as a member of Audit Scotland and, as such, would be covered by the objective test.

The non-financial interests of other persons

83. You must declare if it is known to you any non-financial interest of: -
- (i) a spouse, a civil partner or a co-habitee;
 - (ii) a close relative, close friend or close associate;
 - (iii) an employer or a partner in a firm;
 - (iv) a body (or subsidiary or parent of a body) of which you are a remunerated member or director;
 - (v) a person from whom you have received a registerable gift or registerable hospitality;
 - (vi) a person from whom you have received registerable expenses.

84. There is no need to declare an interest if it is so remote or insignificant that it could not reasonably be taken to fall within the objective test.
85. There is only a need to withdraw from the meeting if the interest is clear and substantial.

Making a declaration

86. You must consider at the earliest stage possible whether you have an interest to declare in relation to any matter which is to be considered. You should consider whether agendas for meetings raise any issue of declaration of interest. Your declaration of interest must be made as soon as practicable at a meeting where that interest arises. If you do identify the need for a declaration of interest only when a particular matter is being discussed you must declare the interest as soon as you realise it is necessary.
87. The oral statement of declaration of interest should identify the item or items of business to which it relates. The statement should begin with the words “I declare an interest”. The statement must be sufficiently informative to enable those at the meeting to understand the nature of your interest but need not give a detailed description of the interest.

Frequent declarations of interest

88. Public confidence in Audit Scotland is damaged by perception that decisions taken by us are substantially influenced by factors other than the public interest. If you would have to declare interests frequently at meetings in respect of your role as a board member you should not accept a role or appointment with that attendant consequence. If members are frequently declaring interests at meetings then they should consider whether they can carry out their role effectively and discuss with their chair. Similarly, if any appointment or nomination to another body would give rise to objective concern because of your existing personal involvement or affiliations, you should not accept the appointment or nomination.

Lobbying and access

Introduction

90. In order for Audit Scotland to fulfil its commitment to being open and accessible, it needs to encourage participation by organisations and individuals in the decision-making process. Clearly however, the desire to involve the public and other interest groups in the decision-making process must take account of the need to ensure transparency and probity in the way in which Audit Scotland conducts its business.
91. You will need to be able to consider evidence and arguments advanced by a wide range of organisations and individuals in order to perform your duties effectively. Some of these organisations and individuals will make their views known directly to individual members. The rules in this Code set out how you should conduct yourself in your contacts with those who would seek to influence you. They are designed to encourage proper interaction between members of public bodies, those they represent and interest groups.
92. The Lobbying (Scotland) Act 2016 (the Act) makes provisions about lobbying a member of the Scottish Parliament, a member of the Scottish Government, a junior Scottish Minister, a special adviser or the permanent secretary. Communications with the Scottish Government and Parliament by Audit Scotland are not classed as regulated lobbying by the provisions in section 22 (d) of the Schedule to the Act. This exemption only applies to engagement by members on Audit Scotland business and members should be mindful of the legislation if engaging with any of the above in any other capacity.

Rules and guidance

93. You understand that a wide range of people will seek access to you as a Board member and try to lobby you, including individuals, organisations and companies. Using the objective test below, you must distinguish between;
 - 93.1. Any role you have in dealing with enquiries from the public;
 - 93.2. Any community engagement where you are working with individuals and organisations to encourage their participation and involvement, and;
 - 93.3. Lobbying, which is where I am approached by any individual or organisation who is seeking to do business with Audit Scotland.
94. You must not, in relation to contact with any person or organisation who lobbies, do anything which contravenes this Code of Conduct or any other relevant rule of Audit Scotland or any statutory provision.
95. You must not, in relation to contact with any person or organisation who lobbies, act in any way which could bring discredit upon Audit Scotland.

96. The public must be assured that no person or organisation will gain better access to, or treatment by, you as a result of employing a company or individual to lobby on a fee basis on their behalf. You must not, therefore, offer or accord any preferential access or treatment to those lobbying on a fee basis on behalf of clients compared with that which you accord any other person or organisation who lobbies or approaches you. Nor should those lobbying on a fee basis on behalf of clients be given to understand that preferential access or treatment, compared to that accorded to any other person or organisation, might be forthcoming from another member of Audit Scotland.
97. Before taking any action as a result of being lobbied, you should seek to satisfy yourself by applying the objective test about the identity of the person or organisation who is lobbying and the motive for lobbying. You may choose to act in response to a person or organisation lobbying on a fee basis on behalf of clients but it is important that you know the basis on which you are being lobbied in order to ensure that any action taken in connection with the lobbyist complies with the standards set out in this Code.
98. You should not accept any paid work:
- which would involve you lobbying on behalf of any person or organisation or any clients of a person or organisation
 - to provide services as a strategist, adviser or consultant, for example, advising on how to influence Audit Scotland and its members. This does not prohibit you from being remunerated for activity which may arise because of, or relate to, membership of Audit Scotland, such as journalism or broadcasting, or involvement in representative or presentational work, such as participation in delegations, conferences or other events.
99. If you have concerns about the approach or methods used by any person or organisation in their contacts with you, you must seek the guidance of Audit Scotland.

Appendix 1: Definitions

1. "Remuneration" includes any salary, wage, share of profits, fee, expenses, other monetary benefit or benefit in kind. This would include, for example, the provision of a company car or travelling expenses by an employer.
2. "Bullying" is inappropriate and unwelcome behaviour, which is offensive and intimidating, and which makes an individual or group feel undermined, humiliated, or insulted.
3. "Chair" is the individual discharging a similar function to that of a Chair or Convenor under alternative decision-making structures
4. "Confidential information" includes:
 - 4.1. Any information passed on to Audit Scotland by a Government department (even if it is not clearly marked as confidential) which does not allow the disclosure of that information to the public;
 - 4.2. Information of which the law prohibits disclosure (under statute or by the order of a Court);
 - 4.3. Any legal advice provided to Audit Scotland, or;
 - 4.4. any information which could reasonably be considered a breach of confidence should it be made public.
5. "Undertaking" means:
 - (a) a body corporate or partnership; or
 - (b) an unincorporated association carrying on a trade or business, with or without a view to profit.
6. "Related undertaking" is a parent or subsidiary company of a principal undertaking of which you are also a director. You will receive remuneration for the principal undertaking though you will not receive remuneration as director of the related undertaking.
7. "Parent undertaking" is an undertaking in relation to another undertaking, a subsidiary undertaking, if a) it holds a majority of voting rights in the undertaking; or b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors; or c) it has the right to exercise a dominant influence over the undertaking (i) by virtue of provisions contained in the undertaking's memorandum or articles or (ii) by virtue of a control contract; or d) it is a councillor of the undertaking and controls alone, pursuant to an agreement with other shareholders or councillors, a majority of voting rights in the undertaking.
8. "Group of companies" has the same meaning as "group" in section 474(1) of the Companies Act 2006. A "group", within s 474(1) of the Companies Act 2006, means a parent undertaking and its subsidiary undertakings.

9. "A person" means a single individual or legal person and includes a group of companies.
10. "Any person" includes individuals, incorporated and unincorporated bodies, trade unions, charities and voluntary organisations.
11. "Spouse" does not include a former spouse or a spouse who is living separately and apart from you.
12. "Cohabitee" includes a person, whether of the opposite sex or not, who is living with you in a relationship similar to that of husband and wife.
13. "Code" code of conduct for members of public bodies.

Code of Conduct

Staff policy

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Code of Conduct

Introduction

1. Audit Scotland and our staff must demonstrate high standards of corporate and personal conduct. This can be achieved by embracing our core values, which are:

- ~~Independence, integrity and objectivity.~~ Equality
- Independence
- Innovation
- Integrity
- Respect.
- ~~Valuing people and ensuring equality and fairness.~~
- ~~Effective communication.~~

4.2. This Code of Conduct gives you clear and helpful advice about the standards of behaviour expected of you as a member of staff. The Code will be reviewed annually and is subject to change. A serious breach of the Code may lead to disciplinary action.

5.3. In addition, you are expected to comply with the principles of the Ethical Standards for Auditors issued by the Financial Reporting Council. Guidance on the application of those standards can be found in the Staff Handbook ('Ethical Standards'), which must be read as part of the annual Fit and Proper process. Our Ethical Standards Application Guide has five main sections which cover:

- General requirements and guidance.
- Financial, business, employment and personal relationships.
- Long association with the audit engagement and with entities relevant to engagements.
- Fees, remuneration and evaluation policies, gifts and hospitality, litigation.
- Non-audit / Additional services provided to entities.

6.4. You should also keep to the Codes of Conduct of the professional bodies of which you are a member.

7.5. The general principles upon which this Code of Conduct is based are:

- **Duty** - You have a duty to uphold the law and act in accordance with the law and the public trust placed in you. You have a duty to act in the interests of Audit Scotland of which you are a staff member and in accordance with its core functions and duties.
- **Selflessness** - You have a duty to take decisions solely in terms of public interest. You must not act in order to gain financial or other material benefit for yourself, family or friends.

- **Integrity** - You must not place yourself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence you in the performance of your duties.
- **Objectivity** - You must make decisions solely on merit and in a way that is consistent with the functions of Audit Scotland when carrying out public business including making appointments, awarding contracts or recommending individuals for rewards and benefits.
- **Accountability and stewardship** - You are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others and must ensure that Audit Scotland uses its resources prudently and in accordance with the law.
- **Openness** - You have a duty to be as open as possible about your decisions and actions, giving reasons for your decisions and restricting information only when the wider public interest clearly demands.
- **Honesty** - You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest.
- **Leadership** - You have a duty to promote and support these principles by leadership and example, and to maintain and strengthen the public's trust and confidence in the integrity of Audit Scotland and its members in conducting business.
- **Respect** - You must respect colleagues and the role they play, treating them with courtesy at all times. Similarly, you must respect members of the public when performing duties as a staff member of Audit Scotland.

Diversity and Equality

8.6. We value and promote diversity and equality of opportunity. We expect you to carry out your work following the principles within our Diversity and Equality policy.

Relationships

9.7. You may have contact with audited bodies, other organisations or members of the public. You should deal fairly, equitably and consistently with those you come in contact with, and you should always be polite and portray a positive and professional image of Audit Scotland.

10.8. People may develop a relationship with you to influence our work or to acquire confidential or sensitive information for personal gain. They may also offer a financial or other benefit to supply them with information. These relationships are inappropriate and bring risks to your personal reputation and that of Audit Scotland (see Bribery and Corruption paragraphs 40 - 42). You must tell your line manager of any such approaches, relationships or offers of financial or other benefits, and you should do this as soon as possible so that Audit Scotland can support and advise you.

~~44.9.~~ Staff must notify the [Compliance Partner](#) ~~appropriate Compliance Partner~~ if applying for any employment in a public body subject to audit by auditors appointed by the Auditor General or Accounts Commission (see the Ethical standard policy, section 2).

~~42.10.~~ Audit Scotland recognises that close personal or domestic relationships with colleagues may exist or develop during the course of their employment. In order that Audit Scotland's business is conducted and perceived to be conducted in a professional and proper manner it is necessary to distinguish between, and take account of, personal relationships which overlap with professional ones in the workplace. If you have any close personal or domestic relationships where that relationship may impinge on your duties and responsibilities this must be declared in confidence to your line manager or senior manager. If necessary, upon disclosure of such a relationship and after consultation with both parties, reasonable arrangements will be made to ensure that future working arrangements and potential conflicts do not arise.

Contractors, suppliers and consultants

~~43.11.~~ You must be fair and impartial in your dealings with contractors, suppliers and consultants. If you are involved in the procurement or tendering process to appoint contractors, suppliers or consultants you must follow Audit Scotland's [procurement handbook](#), and any other guidance issued.

~~44.12.~~ If you have access to confidential information on tenders or costs for contractors, suppliers or consultants you must not show that information to any unauthorised person or organisation.

~~45.13.~~ All private relationships with actual or potential contractors, suppliers or consultants must be declared, as set out below.

Independence, objectivity and conflicts of interest

~~46.14.~~ It is important that you carry out your work with independence and objectivity, and that you do not allow any private interest to influence your decisions. You must not use your position to further your own interests or the interests of others who do not have a right to benefit from our work.

~~47.15.~~ You, or a member of your family or household, may have a private interest which relates to the work of Audit Scotland. It may be a financial one or one which a member of the public might reasonably think could influence your judgement. For example, you may be a member of a public body, an organisation or club and membership might lead to a conflict of interest with your work. This also applies to membership of organisations or clubs which are not open to the public e.g. Freemasonry.

~~48.16.~~ You must declare all such interests to [Audit Scotland's the your Compliance Partner and Ethics Partner - the Executive Executive-Director of Innovation and Quality. ~~A Compliance Partner is appointed for each business group within Audit Scotland.~~ The best way of making such a declaration is to use the Fit & Proper Self-Assessment Form. This information is then retained in a secure area of SharePoint for three years, after which it is destroyed. The](#)

Compliance Partner will contact you and discuss any issues arising from your disclosure, as appropriate.

~~19.17.~~ Fit & Proper Self-Assessment forms are completed by all new staff and other workers when starting their employment / assignment with Audit Scotland. Audit Scotland annually requests that the form is refreshed. If, between the annual cycle, your circumstances change and you have information that should be reported to the Compliance Partner then it is your responsibility to do so immediately.

~~20.18.~~ The Fit & Proper Self-Assessment form is available to download from the Staff Handbook within SharePoint. Your completed form should be emailed to [your business groups the Compliance Partner](#) using the email address on the form. [Business group Compliance Partners are:](#)

Business Group	Compliance Partner
Audit Services	John Cornett
Corporate Services	Vicki Bibby
Innovation & Quality	Kenneth Oliver
Performance Audit & Best Value	Antony Clark

Openness, disclosure and protection of information

~~24.19.~~ Audit Scotland carries out its work in the public interest and is committed to the principle of openness. You should follow the Freedom of Information (Scotland) Act and our Freedom of Information and Environmental Information Regulations policy.

~~22.20.~~ There are occasions when information gathered during the course of your work must be kept confidential, both inside and outside the organisation and after leaving Audit Scotland. For example, when its disclosure would prejudice an investigation, breach confidentiality or contravene Data Protection legislation. This does not apply where there is a legal duty to provide information. You should follow our information management policy and procedures, including completing information management training if asked to do so.

~~23.21.~~ We take information security very seriously. You must protect our information from inappropriate access, abuse, loss or damage. You must report any instance of this as quickly as possible and help fully in any investigation. Any breach of confidentiality or security may lead to an investigation under our discipline policy. Any wilful breach, such as unauthorised access or supply of information to others, could lead to the termination of your employment and to a criminal prosecution under Data Protection legislation. If you are in any doubt about a matter of confidentiality or security, please check with your manager.

24-22. If you are involved in an act that could cause Audit Scotland reputational risk or bring us into disrepute, e.g. you are arrested or charged for a criminal offence, you must tell Audit Scotland as soon as possible.

Paid employment outside Audit Scotland

25-23. We will normally allow you to undertake paid employment outside Audit Scotland in your own time unless there is a conflict of interest, or it is likely to have an adverse effect on the work of Audit Scotland or on your own performance. A conflict of interest can arise where a member of staff seeks to do work for an audited body or to carry out work which relates to the work of Audit Scotland. Outside employment can adversely affect the work of Audit Scotland if it damages the organisation's reputation. It can affect your own performance if it significantly reduces your ability to carry out your duties. If you do work outside Audit Scotland you must first get the approval of your ~~director~~[Executive Director](#) and then advise the Human Resources team. This procedure is in your interests. It will also allow us to meet our legal obligations in relation to family friendly benefits and Working Time Regulations. You are not allowed to use the equipment and resources of Audit Scotland in any outside employment.

26-24. If you receive a fee for a publication, broadcast, speech or lecture where you have used official information or your own work experience you must remit that fee to Audit Scotland. This also applies to external work carried out in working hours which attracts a fee. You may keep tokens of appreciation such as book tokens or commemorative items. You should let the Chief Operating Officer know of any tokens received as it will be recorded in a register kept for that purpose.

Hospitality

27-25. You should not accept or offer hospitality connected with your work unless you can justify it and be sure that it will not lead to criticism from colleagues or the public. In general, modest hospitality may be acceptable in some circumstances for example, a sandwich lunch.

28-26. Accepting, declining or giving of hospitality should be declared and recorded in the register kept for that purpose. When accepting or giving hospitality, you should get approval from your ~~director~~[Executive Director](#) and then let the Chief Operating Officer know. Hospitality given must be recorded in the register and the expenditure detailed in our financial accounting system. You must make sure that you charge the hospitality to the hospitality code 1255 and the appropriate cost centre for your business group. All reimbursement claims for hospitality given through expenses must follow the travel and expenses policy.

29-27. To help you decide what to declare, the following guidance may be useful:

Reporting hospitality received

30-28. Items not requiring declaration and recording are:

- Working lunches at audited bodies, partner firms, working groups/committees, boards, professional institutes and other public bodies.

- Meals and accommodation related to attendance at conferences, seminars and workshops.

31-29. Items that would require disclosure include:

- Meals in external restaurants, whether working or not.
- Attendance at functions organised/hosted by professional bodies.
- Receptions held by public bodies, partner firms or other parties where there is a widespread range of attendees, e.g. gallery viewings.
- Functions where the focus of the event is an awards ceremony which involves a public-sector element.
- Meals paid for by visiting delegations from other audit offices and Parliaments/Governments.

32-30. You should not accept offers to attend social or sporting events unless it would be of benefit to Audit Scotland or where Audit Scotland would expect to be represented.

33-31. In exceptional circumstances it may be appropriate to accept hospitality in order to avoid embarrassment or offence for example, hospitality offered from overseas hosts when we are carrying out international work.

34-32. You should not accept repeated hospitality from the same source.

Reporting hospitality declined

35-33. Any offers of hospitality that you decline must be recorded.

Reporting hospitality given

36-34. Items not requiring declaration and recording are:

- Working lunches when hosting meetings and conferences with audited bodies, partner firms, working groups/committees/boards, professional institutes and other public bodies. Lunches should be modest in scale and may typically consist of a buffet/sandwiches and tea and coffee throughout the day.
- Travel costs as part of recruitment.
- Consultant travel and accommodation costs where this is part of the consultant's fee.

37-35. Items that would require disclosure would therefore include:

- Meals provided in external restaurants whether working or not.
- Meals provided to international visitors/groups.
- Provision of overnight accommodation.
- Provision of travel, e.g. flights or train tickets.
- Hospitality at or the provision of theatre or sporting event tickets.

Gifts

38-36. As a general rule, you must not accept personal gifts although you may keep isolated gifts of a trivial character such as a pen or diary, the token value of which must not exceed £50. Sometimes it may be appropriate to accept a gift of more than token value, for example where refusal would embarrass Audit Scotland or damage an important relationship. The acceptance of such a gift should be approved by your ~~director~~[Executive Director](#). Where an inappropriate gift is received and you are unable to return it or the donor refuses to accept its return, you should report the circumstances to your ~~director~~[Executive Director](#).

39-37. All gifts above token value will belong to Audit Scotland and are not a personal gift to you. The Chief Operating Officer keeps a register to record gifts, whether they are accepted or declined and to show that acceptance was authorised. [Innovation and Quality](#)~~The International Liaison Manager keeps~~ [retains and maintains](#) a subsection of the gifts register for work with other countries. Any gifts received while carrying out work for other countries should be recorded in the register.

40-38. The giving of gifts is generally limited to international visits, the rules for which are set out in the Policy on visits, and the provision and acceptance of gifts and hospitality in relation to work with other countries. Gifts to visiting delegations are given as mementoes of their visit to Audit Scotland. They should be of modest value (e.g., book, Quaich, paper weight) and should exclude alcohol. Gifts given to non-international visitors or organisations should be recorded in the hospitality and gifts register. Items that would not require disclosure are modestly priced books and pens; alcohol should not be given as a gift.

41-39. Gifts recorded in the register must have the expenditure detailed in our financial accounting system. You must make sure that you charge the gift to the hospitality code 1255 and the appropriate cost centre for your business group. All reimbursement claims for gifts given through expenses must follow the travel and expenses policy.

Bribery and corruption

42-40. Bribery is the offering, giving, receiving, or soliciting of any item of value or advantage to influence the actions of an official or any other person in charge of a public or legal duty.

43-41. It is a serious criminal offence for you to:

- give, receive or solicit a bribe (i.e., to corruptly receive or give any gift, loans, fee, reward or advantage) in return for doing or not doing anything
- show favour or disfavour to any person in the course of your work.

44-42. An act of bribery by an individual may make Audit Scotland liable of committing an offence. We have a zero tolerance to bribery and corruption, and such an act can lead to dismissal and prosecution.

Use of resources

45.43. You and your colleagues serve the public, and you must remember this principle when you use Audit Scotland's equipment, materials and resources to ensure value for money and economy, efficiency and effectiveness.

46.44. The equipment of Audit Scotland is available to you for use in your personal affairs, provided that:

- it is in your own time
- the cost of any consumables, e.g. paper, postage, telephone calls is met by you
- you are not receiving any fee or reward for the purpose
- you don't store your personal (non-work related) information on Audit Scotland equipment you follow our policy on the use of electronic media such as email and the Internet.

Appointments

47.45. All appointments must be made on merit. If you are involved in the recruitment and selection process and have any kind of relationship which might affect your ability to be impartial, it must be declared to your ~~director~~[Executive Director](#) and Human Resources.

48.46. Your ~~director~~[Executive Director](#) and the person chairing the selection process will decide whether you can take part in the process. The same procedure must be followed in other HR processes such as grievance, discipline or performance reviews.

49.47. You must not try to influence board members or a colleague either directly or indirectly to secure your own appointment or promotion, or the appointment or promotion of another person. You must report any instances of this occurring to your ~~Director~~[Executive Director](#) and the Head of HR.

Disclosure

50.48. We have access to a broad range of sensitive data and a number of the bodies we audit request staff to be security checked. The integrity and security of public information is core to the values of Audit Scotland and therefore all employees are subject to Disclosure checks in line with our [Security Clearance policy](#) which can be found in the Staff Handbook.

51.49. Baseline Personnel Security Standard (BPSS) is the entry level check and forms part of a package of checks that represent good recruitment and employment practice. It provides an appropriate level of assurance as to the trustworthiness and integrity of prospective and existing workers. It involves verification of identity, nationality and immigration status together with employment history and criminal record declaration. The basic criminal record check (through Disclosure Scotland) will be carried out which will show any unspent convictions. Everyone working with Audit Scotland will be asked to consent to this baseline level of security clearance.

52-50. The next level is called Standard Disclosure and is required for all workers across Audit Services and some across Performance Audit & Best Value. Only those who are accountants by definition require a standard check. Some workers in our Finance team may be required to participate in checks to this level due to the nature of their work as accountants. Standard Disclosure enables Audit Scotland to check for certain spent convictions.

53-51. Enhanced Disclosure will only be needed when a worker, normally within Audit Services or Performance Audit & Best Value, is working with children or vulnerable people in the course of their work. If the worker is to be involved in such work on a long-term basis then Audit Scotland may decide to include security clearance in line with the Protection of Vulnerable Groups (PVG) to ensure continuous monitoring of the workers status. If necessary, all of the foregoing is undertaken by our HR team.

54-52. Security Clearance, Counter-terrorism checks and Developed Vetting will normally only be required when workers are involved in dealing with secret or sensitive data. Your manager will discuss this with you if it is required. This may be undertaken by the HR team or by our client organisation (i.e. Scottish Police Authority, Scottish Corporate Parliamentary Body etc.).

Media

55-53. In your work with Audit Scotland, any contact with the media is likely to come from the Audit Scotland Communications team. If you are approached directly by the media, you should speak with the Communications Manager or one of the communications officers, unless circumstances make that impossible and it is better for you to respond to the media enquiry. In this case you must tell the Communications team afterwards. More detailed advice for Audit Services staff can be found in the Audit Manual. Media training is available for staff most likely to need it. Contact the Communications team or your line manager for more information.

Social Media

56-54. Audit Scotland has a [Social Media Strategy Hub](#) which sets out guidance for staff on how to conduct themselves on social media platforms. Employees must conduct themselves according to high standards at all times and be conscious that they act in the best interests of Audit Scotland.

57-55. In particular, when posting on social media platforms staff must be vigilant about:

- posting political views, or comments that could compromise your duty to be politically neutral in public
- commenting on issues linked to public bodies or public figures, even in a private capacity, so as to not compromise the objectivity of the audit
- posting derogatory or inflammatory comments, or getting into heated exchanges with others
- understanding whether a post is public or private. It can be easy to think you are posting to a private group but in fact be posting for anybody to see.

Political neutrality

56. It is essential that Audit Scotland is seen to be free from political bias. The public expects you to carry out your work in a politically neutral way. You must follow our policies, despite any personal views, and you must not do anything which might call into question the independence and political neutrality of Audit Scotland.
57. We support an individual's freedom to participate in public affairs and hold personal beliefs and opinions, and to this end our people can be members of political parties, and they can engage in local and national political activities outside of the restrictions set out below.
- ~~58. All staff must, however, must receive the written permission of the Ethics Partner before any activity is undertaken. You have the right to be a member of a political party, but it would be unsuitable to take part in high profile public party political activity. If you are in any doubt, you should take advice from your director~~
58. The restrictions in respect of political activity are as follows. Our people cannot:
- 58.1. Stand as candidates for, or be co-opted into any local or national assembly.
 - 58.2. Hold roles in any party political organisations in the field of national or local government
 - 58.3. Speak in public on matters of local or national political controversy where the impartiality of the comments may be called into question.
 - 58.4. Express views on such matters in letters to the press, books, articles, or in any other media, including social media.
 - 58.5. Canvas on behalf of candidates for any local or national assembly or on behalf of a political party.
59. In seeking the written permission from the Ethics Partner, individuals should give precise details of the intended activities and the period over which the activity is likely to take place. If permission is given the activity must not take place while the individual is on duty as an employee of Audit Scotland or on official premises.
60. Staff must observe the Official Secrets Acts at all times.
61. Individuals must not make any reference to their employment by Audit Scotland when speaking in public, except where they are required by law to declare an interest. If any risks to the interests of Audit Scotland arise from involvement in approved political activities, individuals will be required to withdraw their participation. Failure to do so may result in formal disciplinary procedures.
62. The Ethics Partner is the senior authority on what constitutes political activity and what is subject to restriction.
63. The above measures are not intended to discourage people from participating in public service activities such as school governors, approved non-executive directors, trade union

[work, or volunteering. The key consideration is that staff should avoid any possibility that their activities might impact on Audit Scotland's political neutrality.](#)

Health and safety at work

59-64. We have a duty to ensure that all reasonable steps are taken to provide staff with a safe and healthy working environment. We will comply with the Health and Safety at Work Act, any other associated legislation and statutory codes of practice.

60-65. You have a duty under the Health and Safety at Work Act 1974 for the health, safety and welfare of yourself and others, including members of the general public who may be affected by what you do or fail to do at work. You must comply with our Health and Safety policy and cooperate with us in our compliance with health and safety legislation.

Fair and reasonable treatment at work

61-66. You should expect fair and reasonable treatment from your colleagues and managers. If you feel that you have been unfairly treated or have been discriminated against, there is a grievance procedure that you can use.

62-67. We expect you to support and comply with our policies, practices and procedures, both in your dealings with colleagues and those outside the organisation. You should not do anything which might undermine or adversely affect any position or decision of Audit Scotland.

63-68. We also have a whistleblowing policy. You should refer to this if you feel that you have been required to act in a way, or have become aware of practices in the organisation, which might be illegal, improper, unethical or in conflict with the principles of this Code.

Working [at](#)from home

64-69. Audit Scotland has a clear commitment to a range of flexible working options, including working [at](#)from home. This provides you with the freedom to choose where and when you work.

65-70. Working [at](#)from home can be required by the Incident Management Team for all staff during a national pandemic, and for an unspecified duration.

66-71. While working [at](#)from home, we expect you to adhere to our policies, practices and procedures on digital security and data protection.

67-72. Health and safety is an organisational priority. While working [at](#)from home, it is essential that you adhere to organisational requests around home workstation assessments to ensure that your health and safety needs are met. Assistance and advice is available from Digital Services and Business Support Services who will assist in determining your requirements.

Annual policy review of records management policies

Corporate Governance Manager

Item 15
Meeting date: 26 September 2023

Purpose

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

Recommendations

2. The Board is invited:
 - to approve the updated records management policy.

Background

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

Annual review of Records Management Policy

8. The Corporate Governance Manager and KITGG carried out a review of the Records Management Policy during July 2023. The Executive Team reviewed the policy in August 2023.
9. The review found no amendments were required given the formal approval of the [Records Management Plan 2021-26](#) by The Keeper of the Records, and the subsequent publication of our [assessment](#) online by National Records of Scotland (NRS) in summer 2022.

Records Management Policy

Owned and maintained by:	Corporate Governance Manager				
Approved from:	September 202 3 ²	Next review:	September 202 4 ³	Version:	100 ⁹

Introduction

1. The Public Records (Scotland) Act 2011 (the Act) places a duty on us to prepare and implement a records management plan which sets out proper arrangements for the management of our public records.
2. We recognise that the efficient management of our knowledge, information and records is essential to support our work, to facilitate our governance and management, to manage risk and to comply with our legal obligations under the Act and other legislation as enacted from time to time.
3. Records, like any other company asset, are vital to our past, present and future work. They show decisions made and the steps taken towards those decisions. Records and the information they contain form part of our corporate memory and therefore must be managed systematically from creation to disposal.
4. Records are fundamental to our Audit Quality arrangements and professional standards and running Audit Scotland efficiently and effectively.

Scope

5. This records management policy applies to Audit Scotland, the Accounts Commission and the Auditor General.

Definition

6. A record is information in any medium, created, received and maintained as evidence and information by an organisation or person, in pursuance of legal obligations or in the transaction of business.

Roles and responsibilities

7. The Chief Operating Officer is responsible for ensuring there are appropriate arrangements for managing information and records.
8. In support of the Chief Operating Officer the Corporate Governance Manager is responsible for the day-to-day records management arrangements for Audit Scotland, the Accounts

Commission and the Auditor General. The security of our electronic information systems is the responsibility of Audit Scotland's Digital Services Manager.

9. It is the Knowledge, Information & Technology Governance Group's (KITGG) role to ensure this policy remains relevant, represents good practice and is implemented effectively.
10. However, records management is the responsibility of everyone and this principle is embedded in our Code of Conduct. We are all expected to ensure the effective management of our records and the information we collect, create, store, share and dispose of, and to undergo training as required.

The principles of good records management

11. It is our policy to fully comply with the Public Records (Scotland) Act 2011 and to apply the guiding principles of records management to ensure that information is available when and where it is needed, in an organised and efficient manner, and in a well maintained environment.
12. We must therefore ensure that our records are:
 1. Authentic
It must be possible to prove that records are what they purport to be and who created them is known, by keeping a record of their management through time. Where information is later added to an existing document within a record, the added information must be signed and dated. With electronic records, changes and additions must be identifiable through audit trails.
 2. Accurate
Records must accurately reflect the transactions and other business activities that they describe.
 3. Accessible
Records must be readily available when needed.
 4. Complete
Records must be sufficient in content, context and structure to reconstruct the relevant activities and transactions that they describe.
 5. Comprehensive
Records must document the complete range of an organisation's business.
 6. Compliant
Records must comply with any record keeping requirements resulting from legislation, audit rules, professional standards and other relevant regulations.
 7. Effective
Records must be maintained for specific purposes and the information contained in them must

meet those purposes. Records will be identified and linked to the business process to which they are related.

8. Secure

Records must be securely maintained to prevent unauthorised access, alteration, damage or removal. They must be stored in a secure environment, the degree of security reflecting the sensitivity and importance of the contents. Where records are migrated across changes in technology, the evidence preserved must remain authentic and accurate.

13. Guidance in support of this policy has been prepared and is available to all staff in [SharePoint](#).
14. Business groups across Audit Scotland are responsible for the appropriate retention and disposal of files within their SharePoint sites, including the labelling of files to accurately determine ownership, sensitivity, file type and the current status of the document.

Training and awareness

15. It is vital that everyone understands their information and record management responsibilities as set out in this policy. Therefore, directors and managers will ensure that staff are appropriately trained/briefed on how to manage records in accordance with this policy and our records management guidance.
16. In addition, training has been established to ensure that all staff are aware of their information obligations regarding Data Protection, Data Security and Freedom of Information.

Supplementary documentation

17. The following Acts, policies, standards, procedures and guides should be used to support and supplement this policy:
 - Audit Scotland Records Management Plan, 2021-26
 - Public Records (Scotland) Act 2011
 - Model Records Management Plan (revised 2019)
 - Data Protection Act 2018 & UK General Data Protection Regulation (UK GDPR)
 - European Union (Withdrawal) Act 2018
 - Freedom of Information (Scotland) Act 2002 (FOISA)
 - Audit Scotland's Data Protection Policy
 - Audit Scotland's Freedom of Information Policy
 - Audit Scotland's Clear Desk and Screen Policy
 - Audit Scotland's Information Security Management Policy
 - FOSIA section 61 Code of Practice on records management
 - Managing records - a staff guide
 - Procedure for transferring information to the National Archive of Scotland
 - Audit Scotland's records retention schedule

- Audit requirements:
 - Audit standards e.g. ISA's
 - Audit Services audit and MKI guidance
 - Audit Management Frameworks.

2024 Proposed Board and Committee meeting schedule

Chief Operating Officer

Item 16
Meeting date: 26 September 2023

Purpose

1. This report details the proposed meeting schedule for the Audit Scotland Board and Committees in 2024.

Recommendation

2. The Board is invited to:
 - Approve the proposed meeting dates for 2024.
 - Approve the option of holding a meeting in the Glasgow office annually.

Background

3. The Board typically agrees its schedule of meeting dates for the year to come in September of each year. In 2023 six Board meetings were scheduled.
4. We have reviewed the content, timing and profile of Board and Committee work from previous years to inform the schedule for the year to come. In doing so we have also considered key dates and actions, for example the timing of meetings to take account of:
 - the budget submission
 - the annual assurances process
 - the annual report and accounts
 - review dates for strategies, plans, policies and procedures
 - performance reporting
 - meetings of Parliamentary committees and the Accounts Commission.
5. The proposed schedule of meeting dates is attached at Appendix 1 and a schedule of indicative Board items is attached at Appendix 2.
6. Currently all meetings are scheduled to be held in West Port. However, there is an option to hold a meeting in the Glasgow office to allow the opportunity for members to meet colleagues if members would welcome this.
7. The Standing Orders provide for any additional meetings to be called should they be required.

Proposed meeting schedule 2024

Audit Committee*	Human Resources and Remuneration Committee*	Board⁺
		23 January 2024
19 March 2024	19 March 2024	
		27 March 2024
7 May 2024	7 May 2024	21 May 2024
7 June 2024 (AR&Accs)		7 June 2024 (AR&Accs)
3 September 2024		24 September 2024
11 November 2024	11 November 2024	26 November 2024

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

* Committee meetings will be held in West Port.

Indicative Work Programme 2024 – Audit Scotland Board

23 January 2024	27 March 2023	21 May 2024	7 June 2024	24 September 2024	26 November 2024
<p>Agenda items include:</p> <ul style="list-style-type: none"> • Standing items • SIP update • Environmental scan • Publication programme • SCPA report on budget submission • Openness and transparency/Board development • Operational Planning 	<p>Agenda items include:</p> <ul style="list-style-type: none"> • Standing items • SIP update • Q3 performance reporting • Annual report and accounts timeline and outline plan • Equality outcomes • Board development • Draft Corporate Plan 	<p>Agenda items include:</p> <ul style="list-style-type: none"> • Standing items • Draft Annual report and accounts • Review of information, governance and security policies • Best companies results 	<p>Agenda items include:</p> <ul style="list-style-type: none"> • Standing items • SIP update • Q4 performance reporting • Annual report and accounts • Annual reporting • Governance and assurance reporting 	<p>Agenda items include:</p> <ul style="list-style-type: none"> • Standing items • SIP update • Q1 performance reporting • Audit Scotland’s draft budget submission • PSRA Annual statements • Openness and transparency/meeting schedule • Review of FOI, EIR and records management policies 	<p>Agenda items include:</p> <ul style="list-style-type: none"> • Standing items • SIP update • Q2 performance reporting • Audit Scotland’s budget submission • Review Scheme of delegation/Financial regulations and Standing orders • Board development/self-evaluation