



Audit Scotland's
Corporate plan

FIRST CORPORATE PLAN

Audit Scotland will provide high-quality services to the Auditor General and the Accounts Commission. We will support effective democratic scrutiny by providing independent, objective assurance on governance, financial stewardship and performance. We will also support continuous improvement in public services and give priority to the interests of the people of Scotland.

1. INTRODUCTION

- 1.1. Overview**
- 1.2. Context**
- 1.3. Our vision**
- 1.4. Laying the foundations: our first 18 months**

2. OUR PRIORITIES

- 2.1. Corporate planning process**
- 2.2. Delivering the audit**
- 2.3. Supporting effective democratic scrutiny and continuous improvement**
- 2.4. Maximising the value of audit**
- 2.5. Creating an integrated organisation with effective business processes**
- 2.6. Improving Audit Scotland by supporting learning and growth**

3. FROM PRIORITIES TO ACTION

- 3.1. Budget**
- 3.2. Risk management**
- 3.3. People**

4. MEASURING PROGRESS

4.1. Our key performance indicators

4.2. Reporting on progress

APPENDICES

1 Publications

2 Summary of corporate priorities

1 INTRODUCTION

1.1 Overview

Audit Scotland is a new organisation which was formed in April 2000 under the Public Finance and Accountability (Scotland) Act. We provide services to the Auditor General and the Accounts Commission, in line with the Directions they make. Our role is to:

- deliver comprehensive public audit
- promote high standards of governance, stewardship and management
- support service improvements and best value
- report in the public interest.

Public audit is based on three principles:

- The independence of public sector auditors from the organisation being audited
- The wide scope of public audit, covering not only the audit of financial statements, but also regularity, probity, value for money and governance
- The ability of public auditors to make the results of their audits available to elected representatives and to the public.

The Auditor General and the Accounts Commission appoint auditors to most public bodies in Scotland, from either Audit Scotland's staff or private firms. A common Code of Audit Practice is followed for all audited bodies, whether the audit is conducted by an in-house or external audit provider.

Audit Scotland is responsible for the audit of over 200 bodies, including:

- the departments of the Scottish Executive, its NDPBs and agencies
- NHS boards and trusts
- further education colleges
- water authorities
- councils & joint boards.

Auditors provide assurance that public sector bodies meet high standards of financial management, governance and stewardship, and help ensure that they are achieving the best possible value for money.

We provide guidance and support to auditors on technical matters, and monitor their performance through a quality assurance process. Once appointed, auditors act independently in carrying out their responsibilities and exercising their professional judgment.

Audit Scotland also conducts studies and reviews on behalf of the Auditor General and the Accounts Commission into performance and value for money.

1.2 Context

Scottish public services have been set a demanding agenda. The Scottish Parliament and the Scottish Executive are driving significant change, with challenging and wide-ranging policy commitments based on:

- delivering improvements in public services
- sound governance, to create a culture of transparency and accountability in the use of public funds
- developing joined-up services which meet the needs of citizens, through new technology and cross-cutting working.

These changes affect Audit Scotland in two ways. First, audit has a key part to play in supporting change, by reporting on performance across Scotland, highlighting areas for improvement, and identifying best practice. The audit process also provides continuing assurance on probity and stewardship.

Second, these challenges apply equally to Audit Scotland itself. Audit Scotland will need to be able to demonstrate that it lives up to the standards expected of other public bodies, and that it can demonstrate best value in the delivery of public audit.

This plan, covering the period to March 2005, sets out:

- our long-term vision for Audit Scotland – how we will respond to the challenges facing the public sector
- the steps that we have taken in our first eighteen months
- our priorities for the next 18 months
- how we will measure and report on our progress.

1.3 Our vision

Audit Scotland was established to deliver an integrated audit service, enabling us to develop expertise, critical mass and economies of scale, improve the co-ordination of audits, and provide opportunities for career development.

We aim to be able to demonstrate that:

- audit is contributing to improved delivery of public services and better management of public money
- audit and inspection activity is planned and co-ordinated to offer maximum benefits
- we have built substantial expertise in commissioning and delivering the wider public sector audit model across the public sector in Scotland
- we have met the expectations of the Auditor General and the Accounts Commission.

This plan covers the period from October 2001 until March 2005. It sets out our vision for the next three and a half years, and our priorities and detailed actions for the first 18 months. The plan will be reviewed and rolled forward every year so that we can respond to changing circumstances and report on our progress.

1.4 Laying the foundations: our first 18 months

Since we were established in April 2000, our first priority has been to continue to deliver the audits of public bodies in Scotland and our programme of performance audit work, while laying the foundations for the new organisation.

Key achievements summary

In our first eighteen months, we achieved the following milestones:

- establishment of new governance arrangements
- appointment of Deputy Auditors General and Directors
- agreement of new organisational structure
- transfer and matching of staff to posts in the new structure
- new package of pay, terms and conditions for staff
- tighter deadlines for completing and reporting on audits
- publication of over 40 reports and 25 technical guidance notes.

Audit Scotland board

The board of Audit Scotland is made up of five people: the Auditor General (who is also the accountable officer for Audit Scotland), the Chairman of the Accounts Commission, and three others. The board oversaw recruitment to the two key management posts in the new organisation: the Deputy Auditor General (Financial Audit and Assurance), who also holds the statutory position of Controller of Audit, and the Deputy Auditor General (Performance Audit). In view of the executive nature of the functions of Audit Scotland, the two Deputy Auditors General were appointed to the board in September 2000.

After consultation with the Scottish Commission for Public Audit, we have appointed an independent person as the fifth member. The fifth place on the board was advertised in line with Nolan principles. This person will take an independent role in board discussions about the operation of Audit Scotland, taking into account the requirements of the Auditor General and the Accounts Commission. The fifth member will also act as Chairman of the Audit and Remuneration Committees, which will include two independent advisers from outwith Audit Scotland.

Organisation

Audit Scotland was formed by bringing together the staff of the Accounts Commission and the NAO in Scotland. Following the appointment of the Deputy Auditors General, the board appointed Audit Scotland's Directors, who took up their posts in September 2001, and entered into detailed negotiation with trade union representatives on pay, terms and conditions for staff.

Proposals for the new organisation structure were circulated to all staff on 30 October 2000. Following a period of consultation, the new structure was approved by the Audit Scotland Board at the end of December 2000. By April 2001 staff were in their new posts in the organisation, with new job descriptions and new terms and conditions.

Audit Scotland has been structured in line with the following principles and objectives:

Principle	Objective
Flexible working	Ability to adapt quickly to changing priorities Managing workload peaks and troughs Making most effective use of valuable staff resources
Functional integration	Common standards and procedures governing audit work Ability to track audit issues across public sector boundaries Drawing together the elements of performance audit (VFM studies, performance information, management arrangements) for each sector Facilitating cross-cutting work Developing consistent approaches and methodologies
Client focus	Providing clear points of contact for audited bodies and other stakeholders Enabling staff to develop expertise and credibility in particular sectors and policy areas
Maximum delegation	Empowering staff within a framework of clear standards and quality review Improved staff motivation and morale
Staff development and retention	Provide career progression opportunities and incentives Generic working to broaden a range of experience and exposure Encourage and support diversity
Affordability	Recognising budget constraints Acceptability to those who fund our services Retaining flexibility to allow for future changes in funding mechanisms.

Delivery

During our first 18 months, we have delivered all our audit responsibilities. Each audit includes the certification of the financial statements, local reports on stewardship and performance, and action plans for management.

Accounts audited	
Scottish Executive departments and executive agencies	42
NDPBs and others	45
NHS Boards and trusts	50
FE colleges	43
Water authorities	3
Local authorities, police, fire and other boards	66

Council audits

The deadline for the completion of 1999/2000 council audits was brought forward by two months to 30 September. Overall, 20 of the 32 council audits were signed off by this date. By 31 December, 29 of the 32 had been completed. Performance in 1999/2000 represented a significant improvement over previous years, but there is scope for further progress in this area.

NHS audits

In the NHS, the deadline for completion of the 1999/2000 audits was 30 June for trusts and 31 July for health boards and other boards. All 28 trust audits were completed by the 30 June deadline. For health boards and special health boards, 20 of the 22 were signed off by 31 July.

Central government accounts

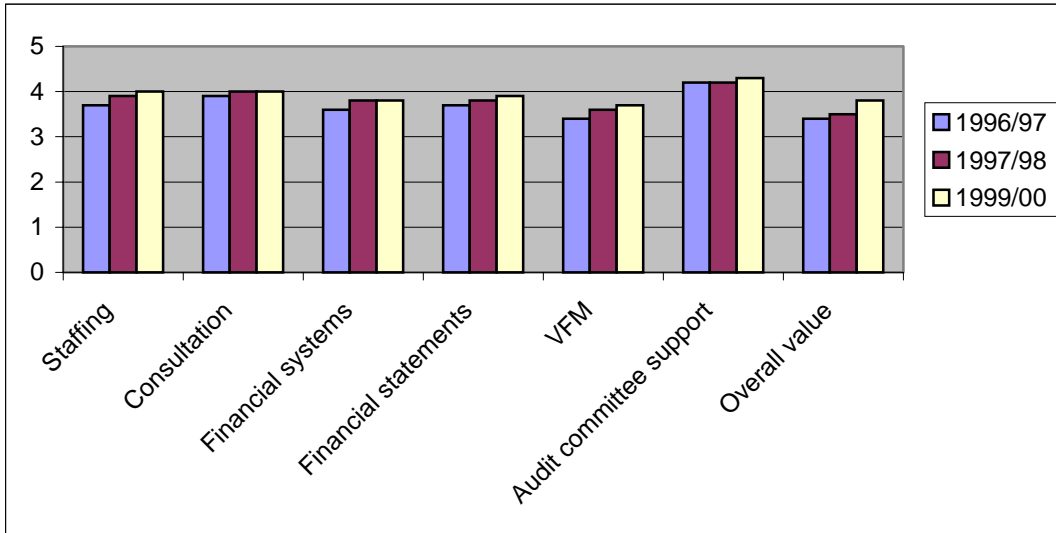
Under transitional arrangements for devolution most 1999/2000 accounts were certified by the Comptroller and Auditor General, based on audit work carried out by former NAO staff who transferred to Audit Scotland. 1999/2000 was also a transitional year for resource accounting which resulted in both cash and accruals accounts being required. All statutory deadlines were met, although the completion of accounts and audits will need to be brought forward under new Scottish legislation.

Quality

In the period since April 2000 we have continued to operate the quality assurance processes inherited from the Accounts Commission and the NAO. A review of these procedures is underway to develop a single approach which will be extended to the new audit sectors. Quality assurance has included a programme of reviews of 1998/99 health audits and 1999/2000 local authority audits.

These reviews demonstrate improvements in the overall standard of audits at a challenging time. All auditors agree action plans for further improvements, and all receive a report setting out good practice found at reviews.

A survey of the views of health bodies for 1999/2000 audits also showed increasing satisfaction with the work of auditors.



Procurement

We have developed, consulted on and agreed a new audit procurement strategy. The new framework is based on agreed audit outputs rather than inputs (time spent). Input-based arrangements did not provide incentives for audit efficiency, and were less flexible than the new approach. From 2001/02, auditors and audited bodies will agree the cost of each audit within a range set by Audit Scotland. Organisations with sound governance and controls will be able to agree a lower charge than those which require a higher level of audit.

The new framework formed the basis for a major open tender exercise conducted in late 2000 in accordance with EU requirements. Thirteen firms responded to a notice placed in the European Journal and the national and professional press. Nine firms were selected to undertake public sector audit work in Scotland, based on experience and quality criteria. Together with Audit Scotland’s own staff these firms have been appointed to audits from 2001/02 to 2005/06, following consultation with audited bodies.

Performance Audit and Audit Review

We have seen early results from our focus on delivering more rounded and accessible reporting. The NHS Overview report covered both financial and performance issues, and led to:

- two meetings of the Audit Committee, including an evidence session on pressures in the NHS in Glasgow, and a report to the Parliament.
- an investigation into the problems in the NHS in Tayside, with further hearings and reports by the AGS and the Audit Committee.

We have responded quickly to requests for reports. The Audit Committee asked the Auditor General for an examination of the Holyrood project in spring 2000, and a comprehensive report was laid before Parliament in September 2000. We are also in the final stages of an examination into the letting of the Trunk Road contracts (which took effect on 1 April), but publication has been delayed by court action. We produced three reports for the Accounts Commission on Inverclyde Council, and one on Dumfries and Galloway Council.

Since April 2000 we have published:

- 3 audit reviews for the Auditor General
 - the new Scottish Parliament building
 - the NHS in Tayside
 - governance and financial management at Moray College
- 4 statutory reports for the Accounts Commission
 - Inverclyde Council (3 reports)
 - Dumfries and Galloway Council (externalisation of residential homes for older people)
- 2 overview reports
 - NHS in Scotland 1999/2000
 - local authority audits 1999/2000
- 33 performance audit reports
- 2 introductory leaflets for stakeholders
- new Code of Audit Practice
- Statement of responsibilities of auditors and of audited bodies

A full list is given at Appendix 1.

We are committed to consulting on an integrated forward work programme for the Auditor General and the Accounts Commission, taking account of the criteria which they have agreed and the views of key stakeholders. This programme will be approved by the Auditor General and the Accounts Commission in the autumn of each year.

Using technology

During our first eighteen months we have made progress in the use of information technology to support and improve our business. We have launched the Audit Scotland website, www.audit-scotland.gov.uk, and all our reports are available to download free of charge.

Since the new website was launched over 27,000 documents have been downloaded. The busiest months so far have been June and July 2001, and there is a general upward trend in the number of people visiting our site. On average we have 270 visitors a day; the most popular pages are our news section and search facility. On average, 1150 searches are undertaken on our website every month.

The 10 most popular documents since 1 April 2000 are:

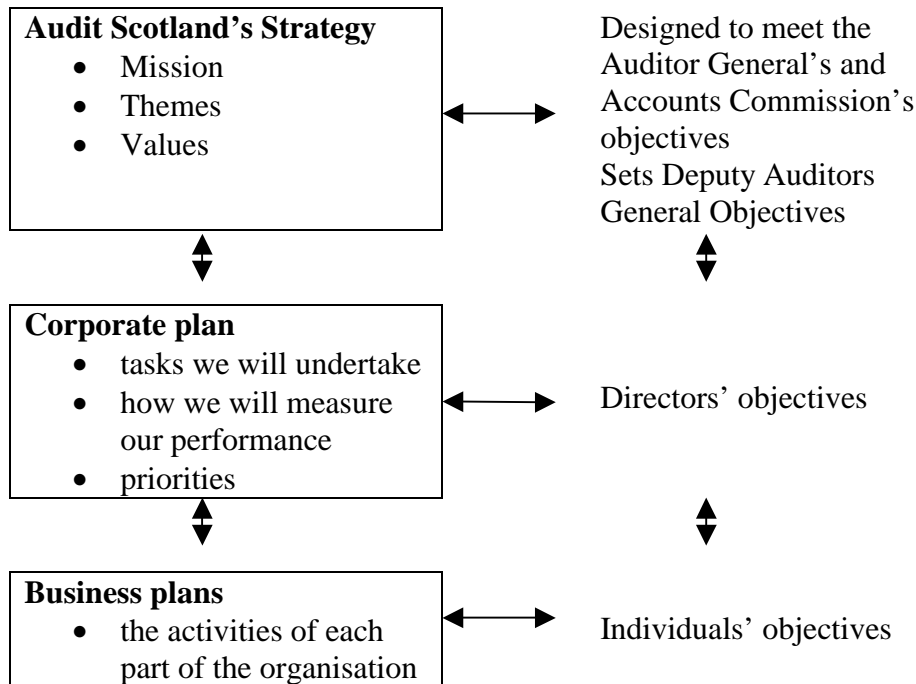
Publication	No of downloads
1. The map to success	1904
2. Getting to know your services	1116
3. Can't get no satisfaction	1067
4. Common data, common sense	1008
5. Audit Scotland: A quick guide	826
6. Performance management and planning audit	825
7. Benchmarking refuse collection	746
8. A clean bill of health	715
9. Accounts Commission findings on 1998/99 Audits	703
10. The new Scottish Parliament building	702

We have also launched the Audit Scotland Intranet, to provide an electronic library and information service for our staff.

2. OUR PRIORITIES

2.1 Corporate planning process

The Auditor General's strategic statement *Public Audit in Scotland* and the Accounts Commission's *Strategy 2001 – 2004* provide the framework within which Audit Scotland formulates its corporate plan. Our planning process is designed to ensure that all members of staff understand our mission and their role in achieving it, and that our resources are planned, managed and accounted for effectively.



The Auditor General has identified ten themes for public audit:

- supporting democratic scrutiny
- focusing on governance and financial stewardship
- challenging and supporting public bodies to achieve continuous improvement in their services
- responding to new forms of accountability
- taking a citizen perspective
- using information effectively to monitor and assess performance
- working with auditors to develop a relationship which is both innovative and responsive, while continuing to improve quality and efficiency
- strengthening partnerships with regulators, inspectors and funding bodies
- working with other audit agencies

- establishing Audit Scotland as an effective, well managed organisation which meets the standards expected of other public bodies.

The Accounts Commission’s objectives are:

- maintaining propriety in local government, working with all other agencies to promote sound stewardship and high standards of conduct
- positioning the Commission as the advocate of improved performance in the interests of citizens as users and paymasters of local government services
- working with the Auditor General for Scotland and the Scottish Parliament to improve the process of accountability in the public sector in Scotland
- developing the contribution of the audit and inspection process to performance assessment and continuous improvement in local authority services, under best value.

We have worked with our staff to develop a **mission statement** which sets out the way in which we will implement the strategies of the Auditor General and the Accounts Commission. This work began at our first staff conference in April 2000, and has been developed through the Corporate Management Group:

“Audit Scotland will provide high-quality services to the Auditor General and the Accounts Commission. We will support effective democratic scrutiny by providing independent, objective assurance on governance, financial stewardship and performance. We will also support continuous improvement in public services and give priority to the interests of the people of Scotland.”

We have also continued to develop a set of **values** which govern the way we work as an organisation. We have agreed five key areas:

People	Audit Scotland will promote a climate of open and honest communication, mutual trust and respect, leading to an organisation which is worthy of loyalty and commitment, and which invests in training, developing and supporting staff to meet its corporate objectives
Performance	Audit Scotland will develop a clear purpose, where expectations are clear and realistic, and constructive feedback is given; where a premium is placed on value for money and efficiency in our work; and where staff are skilled and competent
Effective communication	Audit Scotland will encourage an open, responsive, customer-oriented approach to both external clients and internal colleagues, where staff write, speak and listen effectively

Sound management	Audit Scotland will promote a culture of professional management and leadership, where the focus is on people and performance; and where equality of opportunity and staff development are key management responsibilities
Integrity	Audit Scotland will aspire towards consistency, impartiality and fairness, where staff are regarded as professional, authoritative, objective and fair, and where we live up to the standards we expect of other public bodies

We will continue to work with staff to embed these values in everything we do over the period of this corporate plan. We have also agreed a Code of Conduct for staff, to ensure that our organisational culture is based on the highest standards of probity.

Within this framework, we have adopted the following priorities from October 2001 – March 2003:

- Delivering the audit
- Supporting effective democratic scrutiny and continuous improvement in the audit process
- Maximising the value and benefit of audit
- Creating an integrated organisation with effective business processes
- Supporting our learning and growth by:
 - enhancing knowledge management
 - developing a performance culture
 - achieving a positive employee climate

Audit Scotland will need to be able to demonstrate that it lives up to the standards expected of other public bodies, and that it can demonstrate best value in the delivery of public audit. This means a focus on:

- delivering improvements through the 4Cs: challenge, compare, compete, consult
- sound governance, to create a culture of transparency and accountability in the use of public funds
- developing new ways of working through the use of new technology and cross-cutting working

We believe that our corporate plan will enable us to demonstrate best value in our own work.

2.2 Delivering the audit

Each of the bodies which we audit will have a new audit appointment from November 2001. At the same time, the new Code of Audit Practice will come into effect, with its increased emphasis on corporate governance, risk management and performance audit. This will provide a sound basis for auditors to provide assurance on the stewardship of public funds and the economic, efficient and effective use of resources.

We will build relationships with auditors providing public audit through joint forums, better communication and the involvement of auditors in planning and reviewing the implementation of the new audit arrangements.

We will bring our own audit staff in Financial Audit and Assurance together in three offices (from the present six), to ensure that audit teams have greater opportunities for networking, sharing good practice and development. Our objective is to have new field offices open, staff relocated and the infrastructure in place by March 2002.

In the first year of the new audit appointments we will maintain quality standards and achieve our targets for delivering audit, performance and audit review reports on time and of a high quality. We aim to produce reports that are timely, relevant, objective and easy to read.

We will measure our effectiveness in the following ways:

- Involvement of representatives of external audit providers on Audit Scotland forums and task groups
 - Establishment of three integrated offices across Scotland for our audit staff.
 - Delivery of agreed audit outputs
 - Achievement of agreed contribution to central costs
 - Costs of audit work
 - Achievement of target time from receipt of accounts to sign off
 - Number of accounts signed off by target date
 - Quality review rating
 - Client satisfaction rating
 - Action taken in response to reports
 - Achievement of potential savings and improvements identified
-

2.3 Supporting democratic scrutiny and continuous improvement

We are consulting on an integrated forward programme of work for the Auditor General and the Accounts Commission, involving consultation with:

- the Audit Committee of the Parliament and taking account of the views of subject committees
- the Scottish Executive
- audited bodies and other stakeholders.

We aim to have this programme approved by the Auditor General and the Accounts Commission in October 2001.

We will continue to respond quickly to requests for investigation of issues throughout the year, as we did on the Holyrood project.

We will review the way in which we report on audits, taking account of the introduction of resource accounting and budgeting, and whole of government accounts. Our aim is to produce reports that are timely, objective, relevant, informative and easy to read. We also plan to make better use of information from audit activity to ensure that audited bodies and our stakeholders receive more rounded reports on performance. This review will begin in November and will involve consultation with auditors, audited bodies and stakeholders.

We will pilot new technology to assess the efficiency gains from a more automated audit process.

We will implement the new Code of Audit Practice to ensure a more risk-based approach to audit.

We will continue to work in partnership with inspectors and regulators to fulfil our key role in ensuring joined-up and effective scrutiny of public bodies. We currently work with the inspectorates for police, fire, schools and social work, and we participate in the Joint Scrutiny Forum and the Public Audit Forum.

We will increase our own accountability and transparency to enable our stakeholders to hold us to account for the services we deliver and their quality and cost.

We will continue to develop performance audit, focusing on:

- establishing new forms of reporting which integrate value for money studies, performance information, management arrangements and regularity work
- developing audit processes that provide support and incentives for improvement while safeguarding the independence and objectivity of auditors
- developing audit and assurance reporting in support of performance audit; for example in supporting local outcome agreements by providing assurance on baseline levels of performance and on the changes which have been achieved with additional resources

- building understanding and commitment to performance audit work among key stakeholders
- maintaining an emphasis on the interests of service users in the performance audit study programme.

We will continue to contribute to the development of cross cutting indicators through our duty to set performance indicators for local authorities and our involvement in the Community Planning Task Force.

We will extend our work on integrated reporting and develop performance audit to support the evaluation of cross-cutting work and joined up services. We will also ensure that audit takes account of new ways of funding services. We will review the guidance available to public bodies in relation to the funding of external bodies and develop guidance for pooled budgets.

We will use the following measures to assess the effectiveness of our work:

- Agreement and delivery of an integrated forward work programme
 - Number of reports laid before the Scottish Parliament
 - Number of reports approved for publication by the Accounts Commission
 - Implementation of the results of our review on audit reporting
 - Quality review ratings
 - Reduced time between audit and reporting
 - Implementation of the results of our pilot on using new technology to automate the audit process
 - Establishment and support of appropriate stakeholder forums to meet and discuss audit outputs, costs and customers perceptions of services provided
 - An annual statement relating income received to broad service categories.
 - An annual report accounting for our performance
 - Development of cross-cutting performance indicators
 - Publication of guidance on funding external bodies and pooled budgets.
-

2.4 Maximising the value of audit

We will implement a new charging regime for audit from November 2001. The objectives for the new charging regime are:

- transparency for audited bodies in relating audit activity to cost
- incentives for auditors and audited bodies to improve efficiency and reduce the costs of external audit, where effective internal controls and sound financial management are in place.

We will implement the new Code of Audit Practice from November 2001. This will apply to the work of all auditors appointed by the Accounts Commission and the Auditor General.

We will keep abreast of modern audit practice, especially risk management approaches and the audit of electronic systems and controls. To achieve this we will undertake a review of computer audit in 2001 – 2002.

We will review the quality assurance processes by which we assess and monitor the performance of appointed auditors. This review is needed to create a single quality process for all audits. It will identify the performance measures that will be reported on quality, which will include a measure of client satisfaction.

We will develop a rolling three year financial plan for Audit Scotland as a basis for financial management and for informing audited bodies about the cost of audit over the same period.

We will measure our progress by:

- the number of locally agreed audit plans in place
 - implementation of the results of our review of computer audit
 - establishing new quality measures at the start of the 2002-03 audit year
 - agreeing and communicating a three-year financial plan for Audit Scotland.
-

2.5 Creating an integrated organisation with effective business processes

One of our key organisational priorities is to ensure that we are an integrated organisation, with effective internal communication, and that we do not let the geographical spread of our staff and our wide-ranging portfolio of work become a barrier to effective performance and knowledge management.

Our work is based on close links between national performance audit work, which identifies, and researches a particular issue to identify current performance and good practice, and local performance audits which apply these findings to individual audited bodies. A working group with representation from across the organisation will work on the integration of national and local performance audit to maximise its value.

We will continue to review our internal organisation. Our priorities are to develop a comprehensive Human Resources plan, review our use of information and communications technology, and restructure our Corporate Services directorate to support the organisation's new needs. We will ensure that we have effective systems for:

- financial planning, budgeting and reporting
- personnel management
- office services, including accommodation
- health and safety
- risk management.

We will complete our Human Resources plan; this will ensure that our staff are equipped to play their roles effectively by setting out our policy and procedures for:

- induction training for new staff
- support and development for managers
- identifying and meeting the development needs of each member of staff
- the graduate training scheme
- equal opportunities

We are just completing a major recruitment exercise to fill vacant posts at all levels in Audit Scotland. This will form a key element in the next stage of our development, as we provide induction training to all new staff and launch our new graduate training scheme for professional staff. These initiatives will ensure that we have the right staff in place to deliver our corporate plan.

We will produce an internal and external communications plan to ensure that we communicate effectively with all our stakeholders. We will investigate the opportunities to communicate the results of our work clearly and concisely, for example through briefing papers and presentations to committees of the Parliament and to the Executive, and through new technology to provide quick, easy access to the full range of our work.

We will measure our progress by completion of reviews and the implementation of new procedures.

2.6 Improving Audit Scotland by supporting learning and growth

Our key priority is to create a positive employee climate. We will do this through some of the actions outlined in previous sections, including the Human Resources Plan and the internal communications strategy, and by ensuring that staff have the support and skills that they need to perform effectively.

We will develop mechanisms for engaging staff, listening to staff views and involving them in organisational development activities. We will measure our performance in creating a positive employee climate through regular staff surveys.

We will develop a corporate approach to knowledge management to ensure that we make the best use of the information we have. This will follow the review of information technology and systems.

We have revised our approach to recruiting graduate trainees and our trainee policy. The new policy will be implemented as our new graduate recruits join the organisation. We will provide additional mentoring support to trainees, and revise our agreement with them to set out clearly our respective responsibilities. We will monitor the progress of our trainees through their professional training, and measure the performance of our new policy through pass rates at different stages. This will also enable us to compare our performance with that of other organisations.

In 2002-03 we will begin reviewing our use of information and how we disseminate it to audited bodies and stakeholders.

We are committed to developing a performance culture within Audit Scotland. We therefore aim to have measures of effectiveness in place for all key business processes, reported within the organisation on a regular basis, starting in November 2001.

3. FROM PRIORITIES TO ACTION

3.1 Budget

Audit Scotland meets its costs from charges to audited bodies, and from the Scottish Commission for Public Audit for activity relating to the Parliament. In 2001/02, total income is forecast to be £16.9 million, of which £13 million is funded from audit fees.

Our initial budget was based on the costs of audit under the previous arrangements, which involved the Accounts Commission and the NAO in Scotland, together with a contribution from the SCPA to cover new activity related to the Parliament. In our second year of operation we are approaching our full level of activity and output. Our organisational structure, staffing and audit procurement strategy are now in place, and we are in a position to produce a robust three year budget linked to the corporate plan. This provides a basis for holding us to account for the use we make of our resources, and offers greater transparency and stability to those audited bodies that are charged for their audits.

3.2 Risk management

In our first year of operation we have placed reliance on the Accounts Commission's risk assessment, since our primary systems are those inherited from the Commission. The main risks we identified in this period were related to the continued delivery of audit and assurance services, and the need to secure new audit appointments on a secure and coherent footing. We therefore prioritised continued delivery, and completed and implemented the procurement strategy. This has ensured that there is an appointed auditor for each audited body across all sectors, and has put in place a new foundation for funding our work. Both will come into effect with the new audit appointments in November 2001.

The next area of risk relates to maintaining the quality of audit. We are undertaking a major review of our quality assurance processes to deliver a new system that will apply across all providers in all sectors and will take into account client satisfaction among other indicators of quality.

We are also developing our system of internal controls. The Accountable Officer is responsible for putting in place effective governance arrangements. All public sector bodies are required to implement the guidance set out in the report of the Turnbull Committee *Internal Control: Guidance for Directors on the Combined Code* published in September 1999. This involves taking a risk based approach to establishing a sound system of internal control and reviewing its effectiveness. The Senior Management Team have completed a review of internal governance arrangements against the framework set out in Treasury guidance, leading to an action plan and a commitment to develop an Audit Scotland risk management strategy as soon as internal auditors are appointed in 2001.

3.3 People

Audit Scotland employed 194 people on 1 April 2000. By November 2001 we will employ around 240 people. This growth reflects the filling of vacant posts, our new responsibilities under the Public Finance and Accountability (Scotland) Act, and an increased share of audit work carried out by in-house audit staff rather than external providers. This shift was

made to contain the costs of audit while ensuring that we continue to have access to the skills and experience of the private firms.

We are committed to:

- ensuring that staff have the support and skills necessary to perform effectively.
- recruiting and retaining the right staff.
- developing our policy on diversity.

The actions we will take to achieve these priorities are set out under our five priorities in section 3.

4. MEASURING PROGRESS

4.1 Our key performance indicators

Delivery of agreed audit outputs
Costs of audit work
Time from receipt of accounts to sign off
Number of accounts signed off within target date
Client satisfaction rating
Quality review rating
Action taken in response to reports
Achievement of potential savings and improvements identified
Establishment of forums for: <ul style="list-style-type: none">• Staff consultation• Consultation with audited bodies• Consultation with audit providers
Indicators on people, staffing, training and development from Human Resources plan; they are likely to include: <ul style="list-style-type: none">• Sickness absence measured against average for civil service• Number of staff attending professional development courses and training• Number of graduate trainees passing exams first time• Number of job offers made that are accepted• Percentage of new recruits attending induction programme• Staff satisfaction measures• Equal opportunities
Indicators for Information Technology will come from the review of IT/IS

4.2 Reporting on progress

The Senior Management Team and Corporate Management Group will track progress against these indicators during the year. We will produce an annual report, which will enable the Auditor General and the Accounts Commission together with our wider stakeholders, to hold us accountable for our performance.

PUBLICATIONS

A quick guide to the Auditor General, Accounts Commission and Audit Scotland
Audit Scotland: An Introduction

Code of audit practice
Statement of responsibilities of auditors and of audited bodies

Reports

Governance and financial management at Moray College
Overview of the 1999/2000 local authority audits
Tayside health special report
Overview of the NHS in Scotland
The new Scottish Parliament building
The Agricultural Business Improvement Scheme
A safer place: revisited
Youth justice in Scotland: a baseline report
Local Healthcare Co-operatives bulletin: paying dividends
Accounts Commission Strategy 2001-2004
A good start: Commissioning pre-school education
Equipped to care: Managing medical equipment
Getting to know your services
Progress report on Inverclyde Council (May 2000, January 2001, May 2001)
Managing people in the NHS in Scotland
Waste management in Scottish hospitals
A measure of protection: A baseline report on performance measurement in the Scottish Environment Protection Agency
How are we doing? Measuring the performance of community safety partnerships
Making progress with Best Value: A national overview of the Performance Management and Planning Audit 1999/2000
Dumfries and Galloway Council – report on Externalisation of Residential Homes for Older People.
Commissioning community care services for older people: Applying a Best Value framework
Local and National Information Requirements for social work in Scotland – Joint review
Performance management and planning: Corporate and service level audit guides
Common data, common sense: Modernising information management in councils
Statutory performance indicators: Consultation for 2001-2002
Council profiles 1998/99
Managing rent arrears
The map to success: Using process mapping to improve performance
Safe and sound: A study of community safety partnerships in Scotland
Benchmarking refuse collection: A review of councils' refuse collection services
A clean bill of health? A review of domestic services in Scottish hospitals
Performance information:

- Council profiles 1999/2000

- Data Compendium 1999/2000
- Regulatory services
- Benefits, Finance and Corporate issue
- Education services
- Environmental services
- Leisure and libraries
- Housing services
- Social work
- Fire and Police

Technical guidance:

Notes for Guidance NfG 2000/2 (H) 1999/00 NHS Annual Accounts
 Grant Note GN/ERD/00 European Regional Development Fund Grant
 Grant Note GN/HCP/00 Certificate of Capital Payments - Housing
 Grant Note GN/NCP/00 Certificate of Capital Payments – Non-housing
 Grant Note GN/SUP/00 Unfunded Elements of Superannuation Benefits
 Final Accounts Audit Programmes 1999/00 - Health Boards
 Final Accounts Audit Programmes 1999/00 - Local Government
 Local Government Technical Bulletin 48
 Health Technical Bulletin 13
 Grant Note GN/ICT/00 Information and Communications Technology for Schools
 Grant
 Grant Note GN/GEN/00 General Guidance on audit of Grant Claims
 SAM Database Phase 7 Grant Note GN/SIP/00 Social Inclusion Partnership Grant
 Grant Note GN/POL/00 Police Grant
 Grant Note GN/CJS/00 Criminal Justice Social Work Grant
 Grant Note GN/HBS/00 Housing and Council Tax Benefit Subsidy
 Local Government Technical Bulletin 49
 SAM Database Phase 8
 Health Technical Bulletin 14
 Grant Note GN/NDR/00 Non Domestic Rates Return
 Local Government Technical Bulletin 50
 Health Technical Bulletin 15
 Local Government Technical Bulletin 51
 Note for Guidance NfG 2001/1 - FHS Pharmaceutical payments
 Final Accounts Audit Programmes 2000/01 – NHS Trusts

Theme	Action	Timescale	Measurement
Delivering	<p>Achieve our targets for delivering audit, performance and audit review reports on time, and of a high quality.</p> <p>Combine new field offices to enable field staff to work together from the same premises to deliver an integrated audit across all sectors</p>	<p>Deadlines set out in business plans</p> <p>March 2002</p>	<p>Delivery of agreed audit outputs Costs of audit work Time from receipt of accounts to sign off No of accounts signed off by target date Quality review rating Client satisfaction rating Action taken in response to reports Achievement of potential savings and improvements identified</p> <p>New offices open, staff relocated, infrastructure in place.</p>
Supporting democratic scrutiny and continuous improvement	<p>Implement the new code of audit practice</p> <p>Implement new audit appointments</p> <p>Review and revise practice on reporting from audit</p> <p>Develop improved</p>	<p>November 2001</p> <p>November 2001</p> <p>January 2002</p> <p>October 2001 start</p>	<p>Quality review ratings</p> <p>Audits completed</p> <p>Report on revised processes Reduced time between audit and reporting</p> <p>Establish Partnership Forum with 2 meetings/year</p>

	<p>partnerships with private providers</p> <p>Account to our stakeholders for the service we provide and the resources we use</p> <p>Increase our own transparency and accountability</p>	<p>June 2002</p> <p>November 2001 start</p> <p>November 2001 start</p>	<p>Involve representatives of private providers on Audit Scotland task groups.</p> <p>Establish and support appropriate forums to meet and discuss audit outputs and costs and customers' perceptions of services provided.</p> <p>Annual statement relating income received to broad service categories Annual report.</p>
Maximising value	<p>Implement new charging regime to improve financial stability and planning relationship between audited bodies and auditors.</p> <p>Develop rolling three year financial plan for Audit Scotland as a basis for informing audited bodies about their audit fees over the same period.</p>	<p>November 2001</p> <p>March 2002</p>	<p>New funding mechanism in place Local audit plans and charges agreed</p> <p>Plan communicated to audited bodies Indicative charges communicated to audited bodies</p>
Creating an integrated, effective organisation with effective business processes	<p>Develop a human resources plan for Audit Scotland to ensure that we support and build a highly</p>	<p>December 2001</p>	<p>Plan approved by Senior Management Team Regular staff surveys Induction training for new staff Training for new managers Introduction of new graduate training scheme</p>

	<p>skilled and motivated staff.</p> <p>IT Review use of information technology to support business needs</p> <p>Business processes Develop our internal systems to ensure that we have effective systems for financial planning, budgeting and reporting Personnel management Office services, including accommodation Health and safety Internal controls Risk management</p> <p>Staff relationships Achieve a positive employee climate Develop mechanisms for engaging staff with Audit Scotland,</p>	<p>October 2001</p> <p>October 2001</p> <p>Ongoing</p> <p>March 2002</p> <p>December 2001</p> <p>November 2001</p>	<p>Review complete by October 2001</p> <p>Three year strategy in place by December 2001</p> <p>Review of Corporate Services completed by October 2001.</p> <p>Health and Safety Committee work plan agreed and actions taken Internal controls assessed by internal audit</p> <p>Staff surveys</p> <p>Focus groups on Audit Scotland values Forums established, meeting and reporting regularly.</p>
--	---	--	--

	<p>involving them in particular projects and listening to staff views.</p> <p>Communications Create an external and internal communications plan for Audit Scotland</p> <p>Revise processes for consulting with stakeholders.</p>	December 2001	<p>Plans in place and implemented</p> <p>New processes agreed by Senior Management Team</p>
Learning and growth	<p>Enhance knowledge management</p> <p>Develop a performance culture</p>	<p>December 2001</p> <p>November 2001</p>	<p>IT strategy in place</p> <p>Measures of effectiveness in place for all key business processes, reported within the organisation on a regular basis.</p>

