



Audit Scotland
Consultation with Accounts
Commission, Clients and
Stakeholders on
Corporate Priorities
2008 to 2013

Final Report

January 2009

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File name: 1828rep01_non staff_version 3

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Executive Summary

This is the report of the findings of a consultation conducted by Audit Scotland with clients, stakeholders and the Accounts Commission to inform the development of its Corporate Plan 2008 to 2013. Views were sought on three broad themes:

- the context in which audit will operate
- holding to account the public sector and helping it to improve performance
- ensuring Audit Scotland provides the maximum value from its work.

Overall there is widespread agreement with Audit Scotland's views on how to take audit forward over the next five years. A wide range of suggestions were made on ways to develop and deliver audit services and these relate mainly to the style of delivery rather than the nature of the services themselves.

The key findings from the consultation were as follows:

- almost all respondents (96%) agreed with Audit Scotland's assessment of the context within which audit will be delivered over the next 5 years
- almost all respondents (98%) agreed that it is important for Audit Scotland to ensure the public sector is held to account for its financial and non financial performance, and that it should help the sector to improve its performance. However, many felt that it needs to place more emphasis on assisting improvement
- almost all respondents agreed with the way Audit Scotland intends to develop national performance audits (96%) and a large majority agreed with its approach to the audit of best value across the public sector (80%). A large number of suggestions were made about ways of selecting national performance audits and on developing best value audit toolkits
- a sizeable proportion (42%) believed Audit Scotland could improve its planning and delivery of the annual audits
- a large majority of respondents (81%) agreed with Audit Scotland's framework for measuring how audit will monitor accountability and improvement in the public sector
- over half believed that the organisation could find more ways of supporting improvement and sharing good practice
- almost all (91%) welcomed the new ways of reporting and communicating the findings of audit.
- almost half of the respondents did not think Audit Scotland could become more accountable in what it does without compromising its independence
- there were mixed views on whether Audit Scotland could improve how it charges for audit

- staff recruitment and retention, and staff understanding of the context of audit, were seen as key challenges in becoming a centre of excellence.
- a number of common themes emerged on how Audit Scotland could develop and deliver audit over the next five years. These related mainly to the style of delivery rather than the nature of the services themselves. These can be summarised under four broad headings:
 - engaging with clients and other stakeholders
 - sharing good practice found in the public sector
 - clarity in Audit Scotland’s work
 - reducing the burden of audit.
- these findings suggest that Audit Scotland should consider a number of actions in response to the views expressed by respondents in the consultation. These include:
 - showing how it intends to create a balance between holding the public sector to account and helping it to improve its performance
 - working in partnership with clients and other scrutiny bodies to support and guide improvement in public sector performance (in so far as this does not affect Audit Scotland’s independence)
 - sharing as widely as possible lessons from audit on good practice to promote improvement in public sector service delivery
 - ensuring clients understand what is required of them under new audit regimes
 - reviewing the criteria suggested to guide selection of national performance audits and developing the best value toolkits
 - improving the timing of audit and reducing the level of audit required
 - disseminating information, learnings and promote partnerships though personal contact particularly through meeting and seminars
 - making charges for audit more transparent
 - ensuring the organisation can recruit, retain and provide the necessary skills needed to become a centre of audit excellence.

1. INTRODUCTION

1.1 Background

Audit Scotland provides services to the Auditor General and the Accounts Commission. Audit Scotland aspires to become a centre of excellence for public audit and, through its work for the Accounts Commission and the Auditor General, continues to support accountability and improved performance across the public sector.

One of the fundamental principles of public audit is that it is independent – both of government and of the bodies that are audited. However, Audit Scotland must still work effectively within the overall system of governance and accountability, ensuring that its work is relevant to government and service providers.

In order to inform its Corporate Plan for 2008 to 2013, Audit Scotland commissioned Accent – an independent research agency – to conduct the consultation. This sought the views of clients, stakeholders, the Accounts Commission and staff on what they consider to be the likely key issues for public audit in the coming years, and their thoughts on how the role of audit should evolve and respond to the challenges ahead.

1.2 Objectives

The objectives of the research are to inform the development of Audit Scotland's 5-year plan by capturing the views of the Accounts Commission, clients, stakeholders and staff on three key themes:

- the context in which audit will operate
- holding to account the public sector and helping it to improve performance
- ensuring Audit Scotland provides the maximum value from its work.

Within each of these themes Audit Scotland wishes feedback on its view of specific issues:

The context in which audit will operate

- the extent to which Audit Scotland understands the factors that will shape the environment it work within
- additional issues it may need to take into account
- the most important factors that will shape audit over the next five years

Holding to account the public sector and helping it to improve performance

- the purpose of audit
- planning and delivery of annual audits
- method of selecting themes for performance audits
- the changing shape of Best Value audits

Ensuring Audit Scotland provides the maximum value from its work

- measuring the impact of audit
- sharing good practice on accountability and improvement
- effectively communicating audit findings
- challenges to Audit Scotland becoming a centre of excellence
- fees and charges
- independence and accountability of Audit Scotland

2. METHODOLOGY

2.1 Introduction

This section describes how the consultation was devised and conducted. It covers:

- research design
- sample
- recruitment
- response rates
- disclosure of findings.

2.2 Conducting the Consultation

The consultation was conducted on behalf of Audit Scotland by Accent, an independent research consultancy.

Audit Scotland sought the views of staff and external organisations with a stake in the delivery of audit, but the consultation was also open to any other organisations and the general public who may have wished to respond. The research was targeted at:

- clients (ie public bodies audited by Audit Scotland)
- other public sector stakeholders
- the Accounts Commission
- staff
- any other bodies or individuals wishing to make a submission.

The consultation was conducted using a written self completion consultation form developed jointly by Accent and Audit Scotland. The document described the issues which Audit Scotland wished to consult on and feedback was obtained through a combination of closed and open ended questions. On average the consultation took 25 minutes to complete. The consultation form is attached as Appendix A.

The survey process was then as follows:

- two weeks prior to the start, Audit Scotland emailed staff and stakeholders to raise awareness of the consultation and to explain Accent's role in the exercise
- Audit Scotland provided a sample of contact details and email addresses of respondents. For 24 respondents, there was no email address available. A total of 533 stakeholder and 332 staff contact details were supplied
- a small pilot was initially conducted with 3 stakeholders and 3 staff to assess the clarity and flow of the consultation document prior to the main fieldwork
- following this, Accent sent all respondents with an email address an email invitation containing a link to an online consultation document which was hosted securely on Accent's website. The other respondents were sent a letter containing information on how to access the consultation on line. All respondents were given the option of

responding on a paper version of the form. Audit Scotland also provided open access to the online consultation through their website to allow any other organisations or individuals to contribute their views

- respondents were initially given just over two weeks to complete the questionnaire in the period 4th to 18th August 2008. One week after the initial mailout a reminder email was sent to non respondents and a further one was sent two working days before the deadline for responding (ie 14th August 2008)
- between 18th and 20th August Accent phoned 200 non respondents to ask them to complete a response. The calls were targeted at clients and other categories of external stakeholders where response rates were low; to accommodate late responses, the consultation period was extended to 26th August 2008; the open link was also reactivated via Audit Scotland's website between 12th and 19th September to allow further responses.

As a result of this process, in total there were 275 complete and 59 partially completed responses received to the consultation:

- 144 (27% response rate) from clients, stakeholders and the Accounts Commission
- 190 (57% response rate) from staff.

In consultation exercises, where target audiences consist of non domestic respondents, response rates are typically between 10% and 30%. The response rate to this consultation from non staff respondents was therefore very good, being at the upper end of this range.

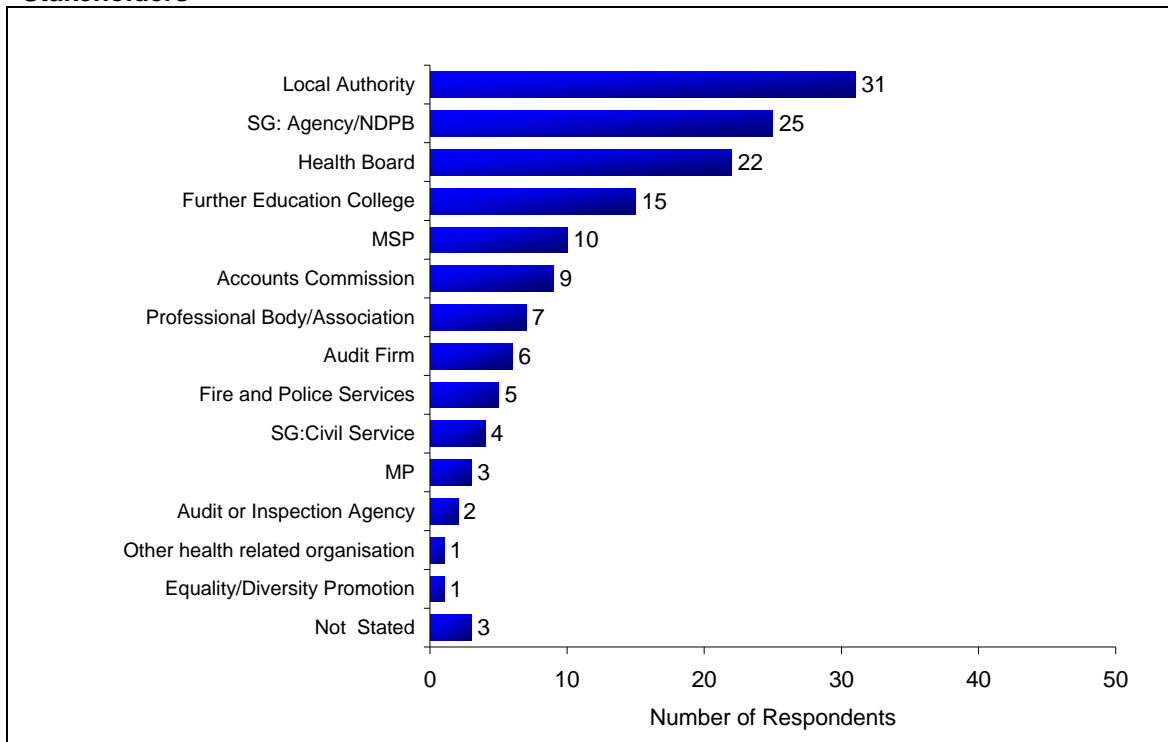
Staff surveys tend to achieve between a 30% and 60 % response rate, so the response rate to this consultation from staff was also at the upper end of this range.

The maximum margin of error on responses based on these sample sizes is good:

- +/- 7% at the 95% confidence interval for non staff
- +/- 4.6% at the 95% confidence interval for staff.

This report focuses on non staff responses to the consultation. As Figure 1 below shows, there was a good spread of responses from different categories of respondents. In all, responses were received from 14 of the 16 categories of respondents sought by Audit Scotland. Responses were not received from Joint Boards (other than Police and Fire Services Boards) or from local authority related organisations. However, three responses were submitted anonymously, so one cannot discount the possibility that representatives from these bodies did make a submission.

Figure 1: Responses to the consultation from Accounts Commission, Clients and Stakeholders



The open ended responses to the research were categorised and quantified to summarise key themes in the views expressed by respondents and are presented in this report. Verbatim comments are also used as illustrations of particular points.

As Audit Scotland is also seeking to understand individual comments from respondents, Accent has also provided the full verbatim responses to the client in Excel format. These were passed to Audit Scotland only where respondents gave their informed consent to Accent to do so. The key statistics relating to disclosure are as follows:

- 66% allowed verbatim responses to be seen by Audit Scotland and to indicate the category of respondent they came from; a further 14% allowed anonymised responses to be seen by Audit Scotland. 20% did not give permission for their responses to be passed on
- 61% allowed verbatim responses to be reported publically by Audit Scotland and to indicate the category of respondent they came from; a further 18% allowed anonymised responses to be made public by Audit Scotland. 21% did not give permission for their responses to be made public
- 47% were willing to let Audit Scotland follow up issues in the consultation with them directly and 53% did not give permission
- 72% were willing to allow Audit Scotland to conduct further follow up research with them and 28% were not willing.

3. THE CHANGING CONTEXT OF PUBLIC SECTOR SCRUTINY

3.1 Introduction

This chapter considers the views of non-staff respondents on the issues that will, in Audit Scotland's view, shape the context in which its services will be developed and delivered. It covers:

- the extent to which Audit Scotland understands the factors that will shape the environment it works within
- additional issues it may need to take into account
- the most important factors that will shape audit over the next five years.

3.2 Description of the Consultation Issue

The consultation document indicated that Audit Scotland's priorities for 2008-13 are being reviewed at a time of significant change in Scotland's public sector landscape. Audit Scotland's view is that the strategic context in which they will deliver audit over the next five years will be shaped by ten key issues:

- **high standards:** A background of generally high – and improving – standards of corporate governance, financial management and control in the Scottish public sector
- **pressure on public spending:** Growing commitments and aspirations for better public services alongside increasing cost pressures. Affordability and sustainability will be central to decision making and the search for economy, efficiency and effectiveness across the public sector will be even more important
- **extending Best Value:** The extension of best value principles across the public sector and the ongoing development of best value in local government
- **more efficient working:** Emphasis on more efficient working within and across existing structures, especially partnerships, rather than seeking radical structural change to try to deliver efficiencies and better services. This will have particular implications for local authorities, given their leading role in Community Planning and partnership working
- **new performance reporting frameworks:** These will continue to develop across all sectors, at national level, for example Scotland Performs, and at local level to support the delivery of Best Value and Single Outcome Agreements
- **the removal of ring-fenced funding for local government:** This will increase the emphasis on robust performance reporting on the accessibility, quality and value for money of key services, and will mean authorities must demonstrate the delivery of agreed outcomes

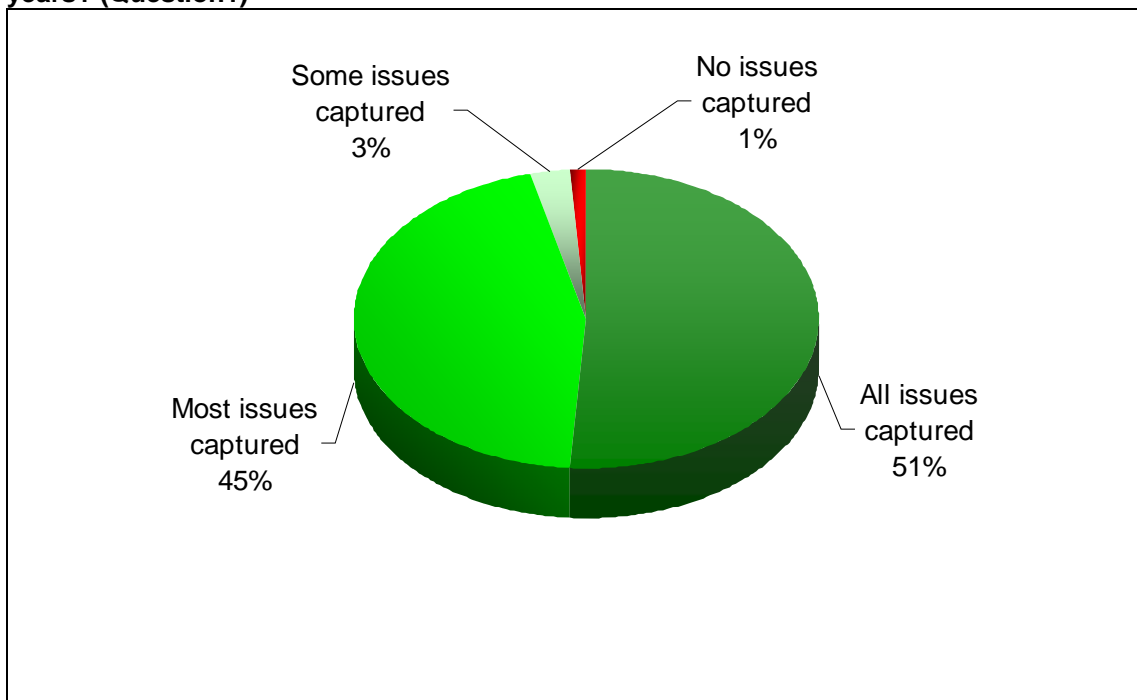
- **service delivery arrangements:** More use of service delivery arrangements at arms length from the audited bodies themselves, especially in local government
- **the need to deliver more efficient and effective scrutiny and accountability:** This will be mainly through the integration of the work of scrutiny bodies in all sectors including the Accounts Commission’s interim role in facilitating integrated scrutiny of local government
- **greater focus on environmental sustainability**
- **greater focus on equality and diversity.**

3.3 Respondents’ Views

Capture of Key Issues Affecting the Context of Audit

Respondents were asked if they thought Audit Scotland had captured the key issues facing the public sector over the next five years. As Figure 2 below shows, most respondents (96%) thought that they had captured all or most of the issues.

Figure 2: Have we captured the key issues facing the public sector over the next five years? (Question1)



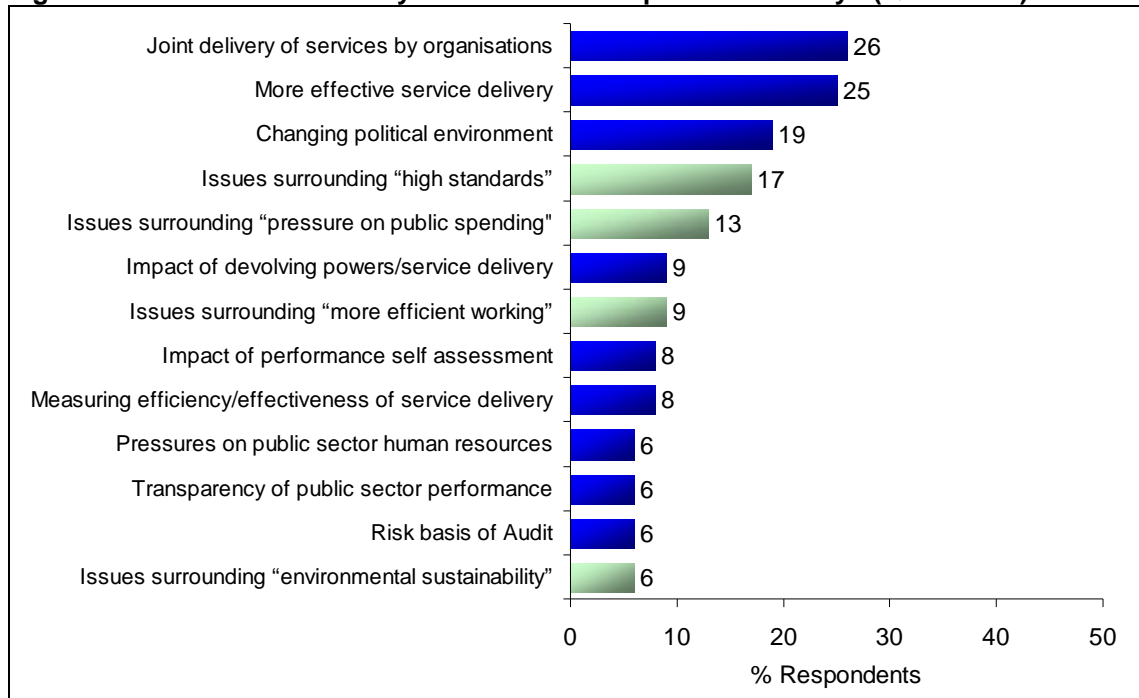
Base: all respondents who answered Q1 (144)

Views on Issues Influencing the Context of Audit

Respondents were then asked if there were other important issues that should be included and, if so, why they needed to be included. Just under one third of respondents (54) felt that there were.

Figure 3 shows that their comments related to both the issues described in the consultation documents and to additional issues. Comments relating to the former are shown in green and those relating to the latter are shown in blue.

Figure 3 What other issues do you think will be important and why? (Question 2)



Base: all respondents who answered question 2 (54)

Comments on Existing Issues

A number of respondents made comments that sought to clarify or refine the factors that Audit Scotland described in the consultation paper.

The key areas of comment were on themes relating to:

- 17%: high standards in the public sector
- 13%: pressures on public spending
- 9%: more efficient public sector working.

High Standards in the Public Sector

The views expressed included the role of new technology in promoting higher standards, the problems of recruiting workers to the public sector, ensuring transparency and barriers to effective scrutiny.

Pressures on Public Sector Spending

Comments illustrated concerns about these pressure: increasing public expectations, inequity in allocating funding to local authorities, costs of care and public sector pay policy. An example of a response on raised public expectations was:

“I think because of all the media hype there is a greater public expectation that we can all deliver more.”

[Local Authority]

More Efficient Public Sector Working

Comments received illustrated concerns about the efficiency of the public sector. This included the need to be more innovative in delivering services, the importance of continuous improvement and the role of new technology in promoting efficiency.

Additional Contextual Issues to Consider

Most comments received related to additional contextual factors that Audit Scotland needs to consider in delivering audit. The most frequently cited issues were:

- 26%: joint delivery of services by organisations
- 25%: delivering services more effectively
- 19%: the effects of changes in the political environment
- 9%: effects of devolving service delivery powers to Scotland or more locally within Scotland.

The following illustrate the comments received.

On organisations delivering services jointly:

“Need to consider the interaction between Government bodies (both UK and Scottish) and local authorities, and how they deliver to communities in linked issues ie employment/improvement in social mobility/eradication of poverty.”

[Westminster MP]

On delivering services more effectively:

“Is there agreement from the public on what really counts and can we evidence our delivery?”

[Scottish Government Agency or NDPB]

“The value for money of Scotland's University sector.”

[FE College]

“...It is still very difficult, if not impossible, to compare one local authority's performance against another when it comes to a subject such as education.”

[MSP]

On the impact of changes in the political environment:

“The changed political environment, with proportional representation, multi-member wards, “hung” councils, and varied models of Corporate Governance.”

[Local Authority]

On devolving powers to deliver services to, or within, Scotland:

“...Given the increasing complexity of service delivery, central government and its agencies cannot rely on central control and monitoring. Reliance therefore has to be focussed on effective governance within each organisation.”

[Scottish Government Agency or NDPB]

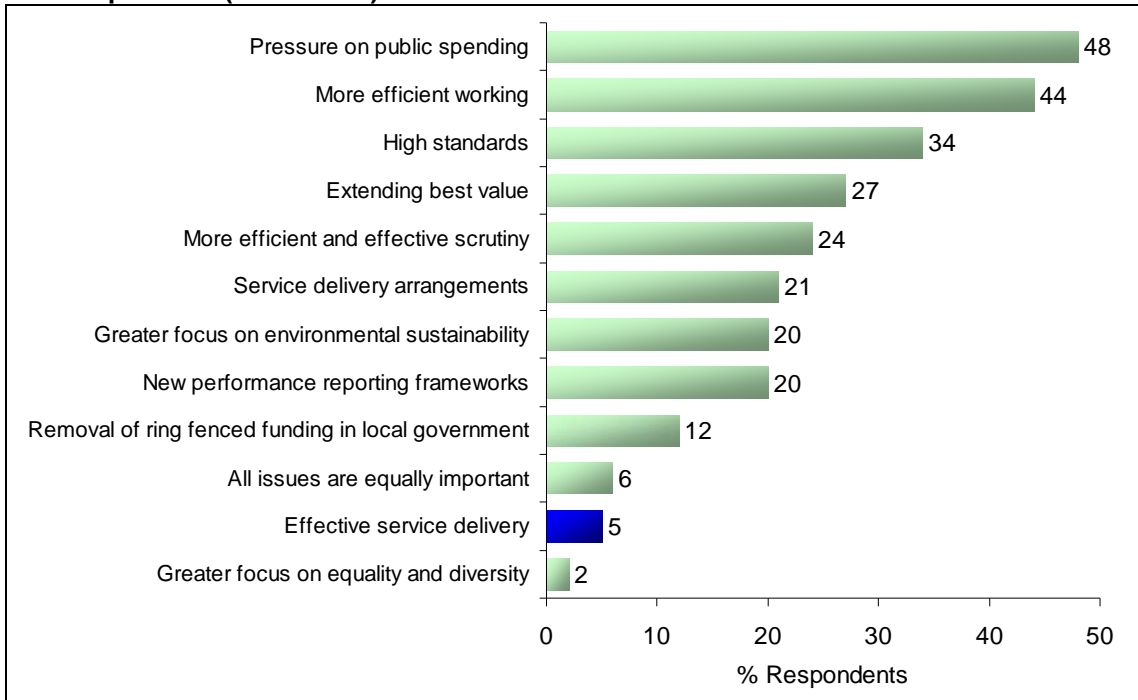
Most Important Issues Affecting the Context of Audit

Respondents were asked in the consultation to indicate the three most important factors influencing the context of audit over the next five years. As Figure 4 below shows, the top three factors stand out from the remainder, these being:

- 48%: pressures on public sector spending
- 44%: more efficient public sector working
- 34%: high standards in the public sector.

Although respondents suggested that a number of additional factors influence the context for delivering audit, they did not believe that they were as important as the ones put forward in the consultation document (see As Figure 4 below). The only additional factor mentioned by at least 5% of respondents was effective service delivery (shaded blue).

Figure 4 Looking at all of the issues described, please can you tell us which are the 3 most important? (Question 3)



Base: all respondents who answered question 3 (143)

4. HOLDING TO ACCOUNT AND HELPING TO IMPROVE

4.1 Introduction

This second section of the consultation sought views on how Audit Scotland intends to deliver its audit services over the next five years.

The specific delivery themes described in the consultation document are as follows:

- the purpose of audit, or how audit Scotland intends to hold clients to account and help them improve their performance
- how Audit Scotland intends to plan and deliver audit
- their method of selecting themes for national performance audits
- the evolution of Best Value, including rolling out Best Value auditing in new areas of the public sector.

The remainder of this chapter considers respondents' views on each of these themes in more detail.

4.2 The Purpose of Audit

Description of the Consultation Issue

The document indicated that Audit Scotland has two main objectives:

- holding public bodies to account
- helping public bodies to improve.

Audit Scotland delivers three strands of work to support these objectives:

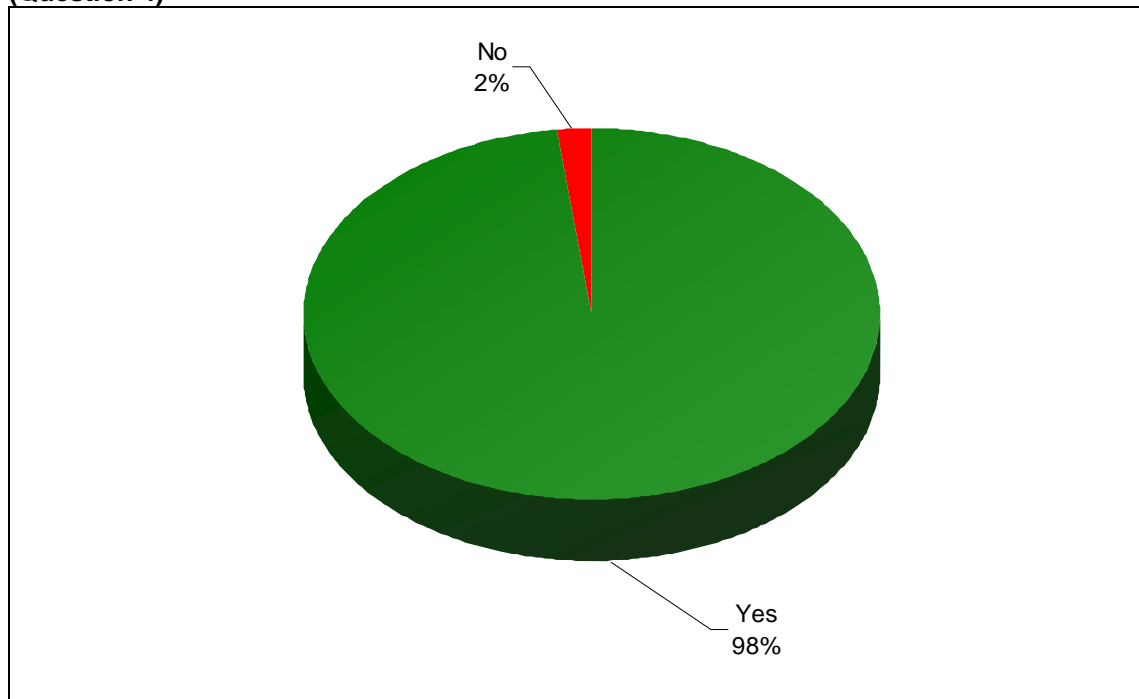
- the annual financial audit
- performance audit
- Best Value audit.

Respondents' Views

Supporting Accountability and Improvement

As Figure 5 shows, almost all respondents (98%) believed that it is important for Audit Scotland to hold the public sector to account and to help it improve its performance.

Figure 5: Is it important that public audit supports both accountability and improvement? (Question 4)



Base: all respondents who answered question 4 (137)

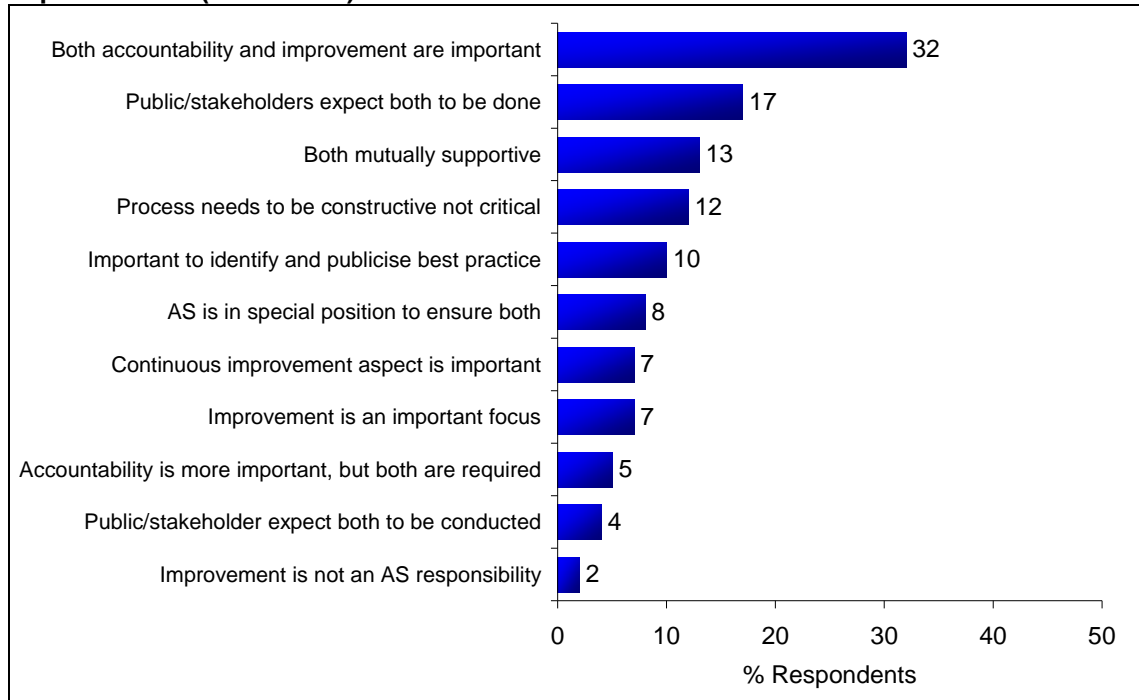
Views on Audit Scotland's Role in Supporting Accountability and Improvement

Respondents were then asked to indicate why they gave this view. Figure 6 shows that the key reason (32%), was that both accountability and improvement are important in the public sector. Some respondents gave no reasons for expressing this view, whereas others elaborated on the theme:

- a total of 17% thought that the public or other stakeholders expected both to be done
- 13% believed that the two roles went hand in hand and that Audit Scotland is in a unique position to undertake both roles (8%)
- a number of respondents gave views on how one or both of these roles should be undertaken:
 - a constructive approach to audit is needed to promote change (12%)
 - it is important to identify and publicise best practice so that others may learn (10%)
 - continuous improvement (as opposed to improvement per se) is important (7%)
- very few commented on the relative importance of accountability and improvement:
 - 7% believed improvement was an important focus

- 5% expressed the view that although both are important, holding to account is the more important role for Audit Scotland
- 2% stated that improvement should not be a concern of Audit Scotland.

Figure 6: Why is it important that public audit supports both accountability and improvement? (Question 5)



Base: all respondents who answered question 5 (109)

The following quotes illustrate some of the views expressed:

On the importance of both functions:

“Public Audit is more than just ensuring that the books balance. There also has to be strong scrutiny of performance to ensure good value for the public pound.”

[Anonymous]

On why the two are mutually supportive and why Audit Scotland is well placed to deliver both:

“External scrutiny is needed to validate performance and provide additional assurance to stakeholders, but holding to account needs to be coupled with fostering improvement, and Audit Scotland are uniquely placed to achieve the optimum balance.”

[Anonymous]

On expectations that both activities should be conducted:

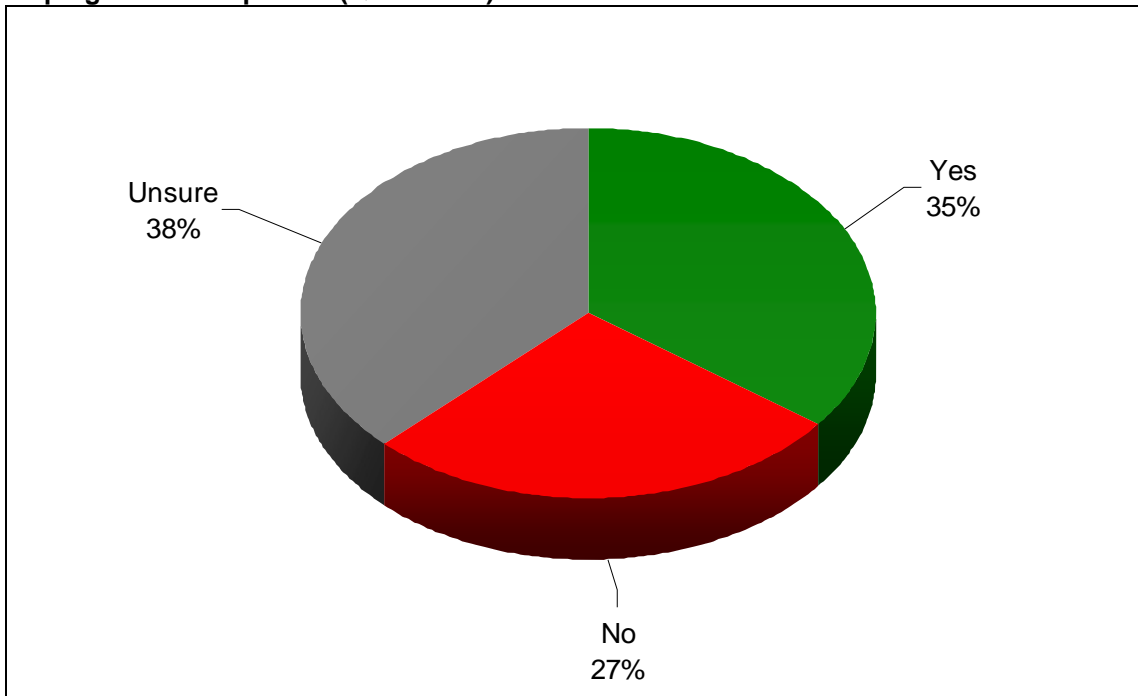
“Stakeholders require assurance that the organisation is meeting its statutory requirements and we need to continue to improve to meet financial and non financial objectives within funding levels available.”

[Scottish Government Agency/NDPB]

The Balance Between Holding to Account and Supporting Improvement

As Figure 7 shows, about 1/3rd of respondents believed that Audit Scotland had reached the balance in undertaking these two roles.

Figure 7: Have we got the balance right between holding public bodies to account and helping them to improve? (Question 6)



Base: all respondents who answered question 6 (132)

Where improvements were felt to be needed, most respondents believed that Audit Scotland needed to work more on developing its improvement role (see Figure 8). Figure 8 also shows that:

- only 10% of views were about giving greater emphasis to holding the public sector to account, as opposed to 25% being in favour of more attention to improvement, for example:

“There is a need to be clear about how performance audit and best value audit relate to each other. My own view is that, as the best value process matures, it should begin to obviate the need for separate performance audit: the fact that both still take place already brings charges – not always defensible – of duplication and overburdening. Planning should include some consideration of how the balance will change. In my view it should change in favour of robust best value auditing.”

[Anonymous]

- some respondents suggested ways of achieving a better balance in favour of improvement

- 20% wanted Audit Scotland to adopt a more positive supportive role in promoting improvement, for example:

“The Best Value Audit has assisted in the "Helping Public Bodies to Improve" agenda. I would like to see more emphasis on this aspect of Audit Scotland's work.”

[Local Authority]

- 20% thought sharing best practice was important, for example:

“More work should be done to focus on improvement and giving organisations advice on best practice from other organisations who perform well. Clear direction should be given as to specific changes and improvements that need to be made and direct support should be considered to help organisations who need to build capacity before improvement can take place.”

[Local Authority]

- a number of comments (16%) related to revising the means or tools by which Audit Scotland undertakes both of these roles. Two examples illustrate some of the views received:

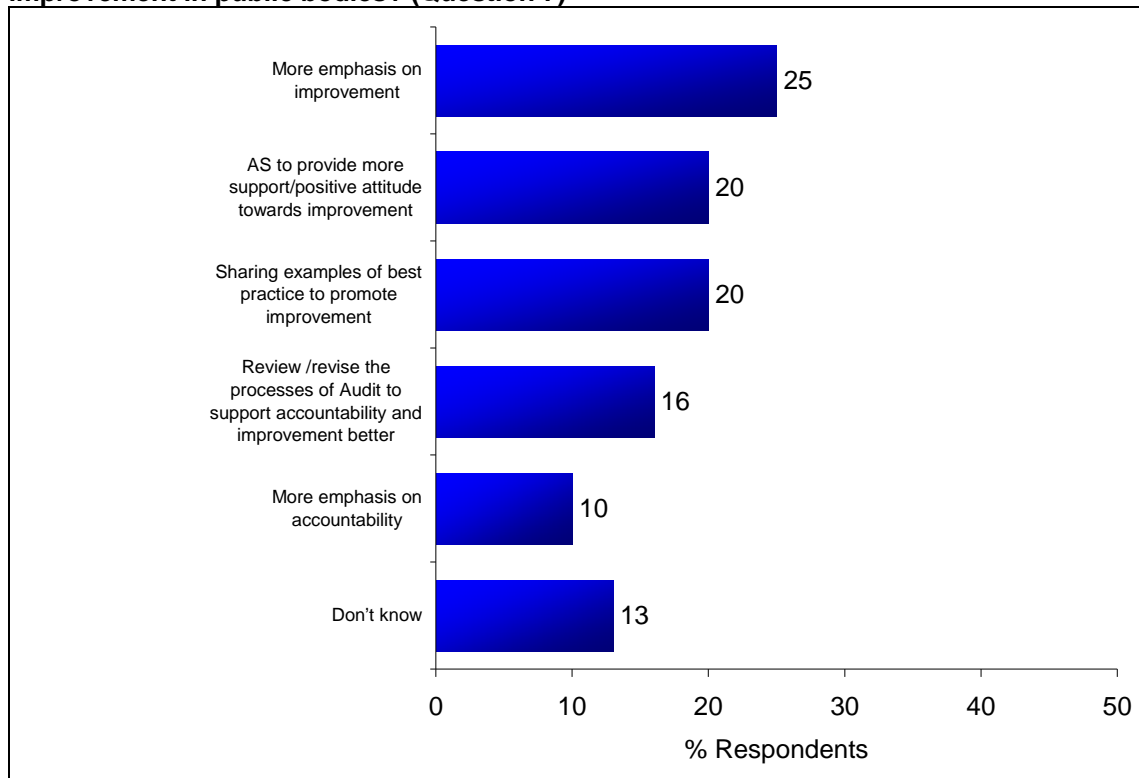
“My impression is that AS has insufficient resources to follow up its conclusions with practical support for improvement.”

[Voluntary sector]

“This is an issue which needs to be addressed more widely by engaging the other Inspection agencies (e.g. HMIe, SWIA, HMIC) and agreeing (transparently) a more rounded and systematic approach which delivers the right balance between audit/inspection and achievement/improvement.”

[Scottish Government Agency]

Figure 8: What do we need to do to improve the balance between accountability and improvement in public bodies? (Question 7)



Base: all respondents who answered 'no' or 'unsure' at question 6 (70)

4.3 The Annual Audit

Description of the Consultation Issue

The consultation form indicated that the Auditor General and the Accounts Commission appoint Audit Scotland staff and private sector firms of accountants as the external auditors to some 200 public bodies in Scotland. The annual audit process is one of the fundamental building blocks of assurance and accountability for the use of public funds.

All auditors follow the Code of Audit Practice which requires them to comply with recognised professional standards, but they are still able to tailor the annual audit to reflect the local risks and priorities. This allows work to be directed towards areas that will add value locally.

During the next few years most public bodies will change the basis of their accounts from UK GAAP to International Financial Reporting Standards (IFRS). This will involve significant changes in accounting for many items including: PFI/PPP contracts; property leases; financial instruments and guarantees.

Key issues for Audit Scotland over the next five years will be to maintain the quality of audit during the transition to the new Standards as this will involve auditing shadow IFRS accounts as well as the existing accounts.

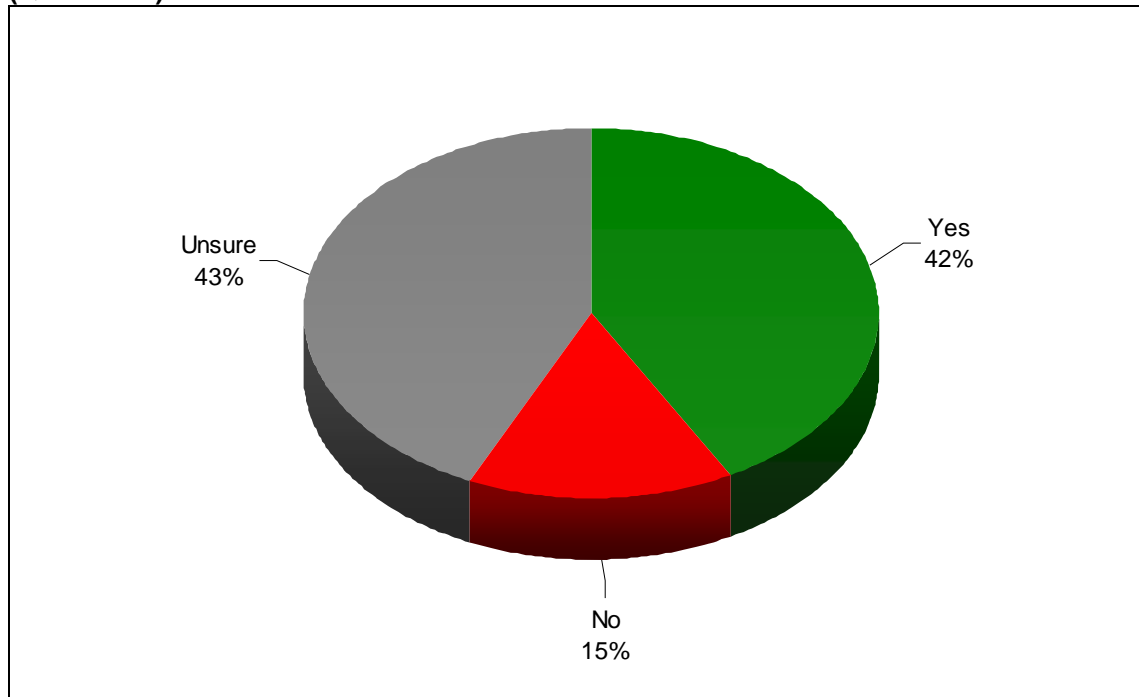
Respondents' Views

Improving the Planning and Delivery of Annual Audits

There were mixed views on whether Audit Scotland can improve its planning and delivery of annual audits (Figure 9):

- 15% thought they could not
- 42% saw opportunities
- 43% were uncertain.

Figure 9: Can we improve the planning and delivery of the annual audit further? (Question 8)



Base: all respondents who answered question 8 (129)

Suggestions on ways to improve planning and delivery are shown in Figure 10 and the main points are:

- 25% of comments related to the timing, duration and notice period of audits, for example:

“By planning to front end load routine compliance work. A lot of ours gets done at year end which puts pressure on audit resources”.
[Health Board]

- 20% thought that greater engagement with clients and other scrutiny bodies was needed, for example:

“Co-ordinate work with other scrutiny bodies, and share more information.”
[Anonymous]

- the issue of the means and methods by which audit is carried out was raised again (19%), for example:

“There appears to be inconsistent standards in annual Audit reports provided by (or on behalf of) Audit Scotland.”

[FE College]

- 19% wanted clearer guidance on the audit process and purpose, for example:

“Guidance is sometimes issued late in the year. In some areas the external audit and internal audit key areas overlap. More specific guidance on what external audit will cover would be helpful.”

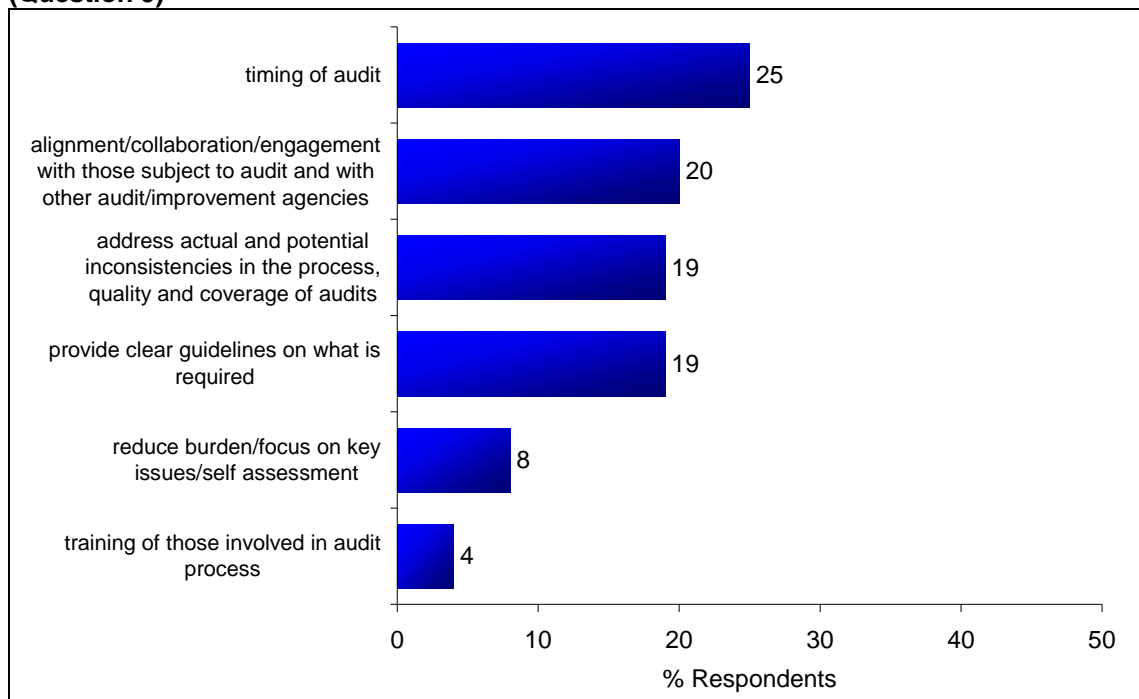
[Health Board]

- 8% of respondents indicated that ways of reducing audit were needed, for example:

“If it is to reflect local value, then concentrating on what needed to be done rather than starting each year with the same items for consideration, can be time consuming. If you are aware of the areas which could be improved, concentrate on them.”

[Local Authority]

Figure 10: How could we improve the planning and delivery of the annual audit further? (Question 9)



Base: all respondents who answered 'yes' or 'unsure' at question 8 (81)

Transition to New Accounting Standards

Figure 11 shows views on ways that Audit Scotland can support the changeover from UK GAAP to IFRS:

- the main form of support that Audit Scotland could give in the transition, is to provide information, specifically:

- 52%: provide clear guidance on what the new standards require audited bodies to do, for example:

“Provide detailed model accounts with explanations of changes from UK GAAP.”

[Audit Firm]

- 9%: use seminars, presentations and meetings to inform of changes for example:

“As part of the annual audit process, provide a presentation/training event to Audit Committee Members and senior managers within the audited bodies outlining the changes.”

[FE College]

- allowing adequate time for the transition was also important (21%):

“Timely discussion of issues with auditors, and clear, concise guidance for auditors on issues that require it.”

[Audit Firm]

- train those involved in the audit process, both within Audit Scotland and audited bodies (21%). For example:

“Continuing training and professional development of staff and liaison with audited bodies.”

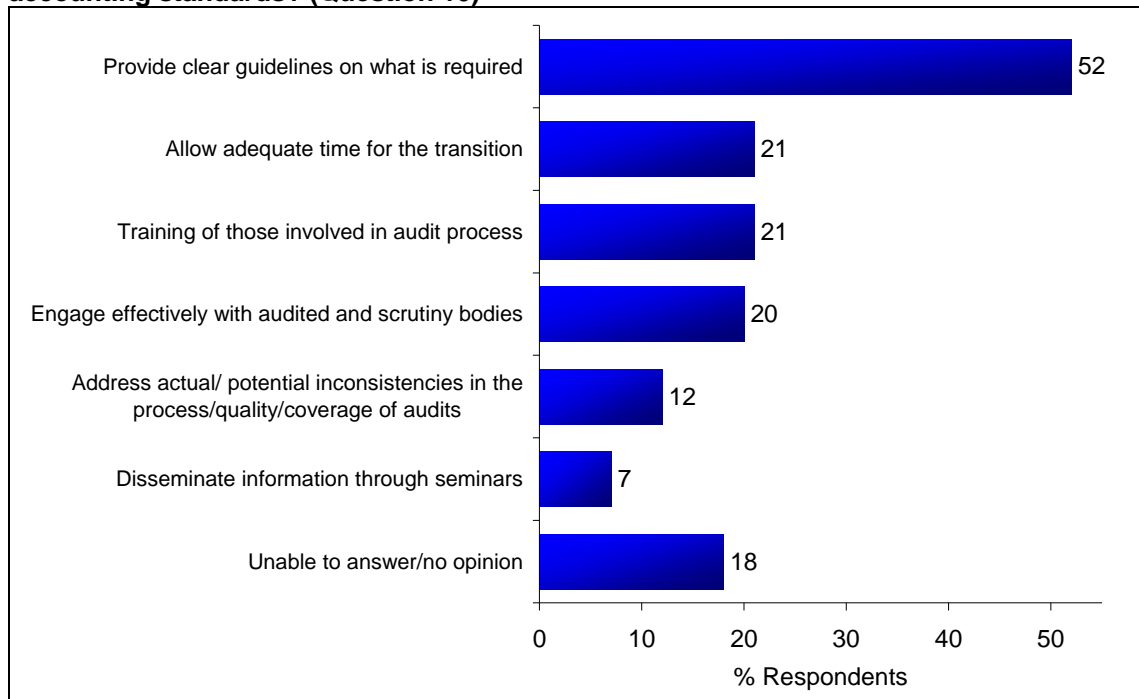
[Anonymous]

- for a third time in the consultation, a number suggested ensuring that actual and potential issues with the means of conducting audit were addressed (12%):

“Issue guidance to all auditors and audited bodies, set up a helpline for questions, run training sessions for auditors to educate and hopefully achieve consistency in approach.”

[Audit or Inspection Agency]

Figure 11: What should Audit Scotland do to support a smooth transition to the new accounting standards? (Question 10)



Base: all respondents who answered question 10 (96)

4.4 National Programme of Performance Audits

Description of the Consultation Issue

In the consultation document, Audit Scotland indicated that it examines the use of resources and analyses performance. Their national programme of performance audits for the Auditor General helps the Scottish Parliament to hold public bodies to account and encourage improvement. They have a similar programme for the Accounts Commission which helps them to fulfil this role in relation to local government.

In developing Audit Scotland’s programme of performance audits, they try to reflect current trends and issues in the public sector and they consult widely on potential topics for examination. They have identified a number of broad themes to guide the direction and selection of their forthcoming programme of performance audits and are currently consulting on these separately. These are:

- effectiveness in delivering the Scottish Government’s strategic outcome objectives
- delivery of national policies in a local context
- the challenge of partnership working across the public sector at a local level
- the need for information about what aspects of public sector reform are making an impact (shared services, innovative working, benchmarking)
- analysing the use of resources and performance management of arms-length delivery organisations

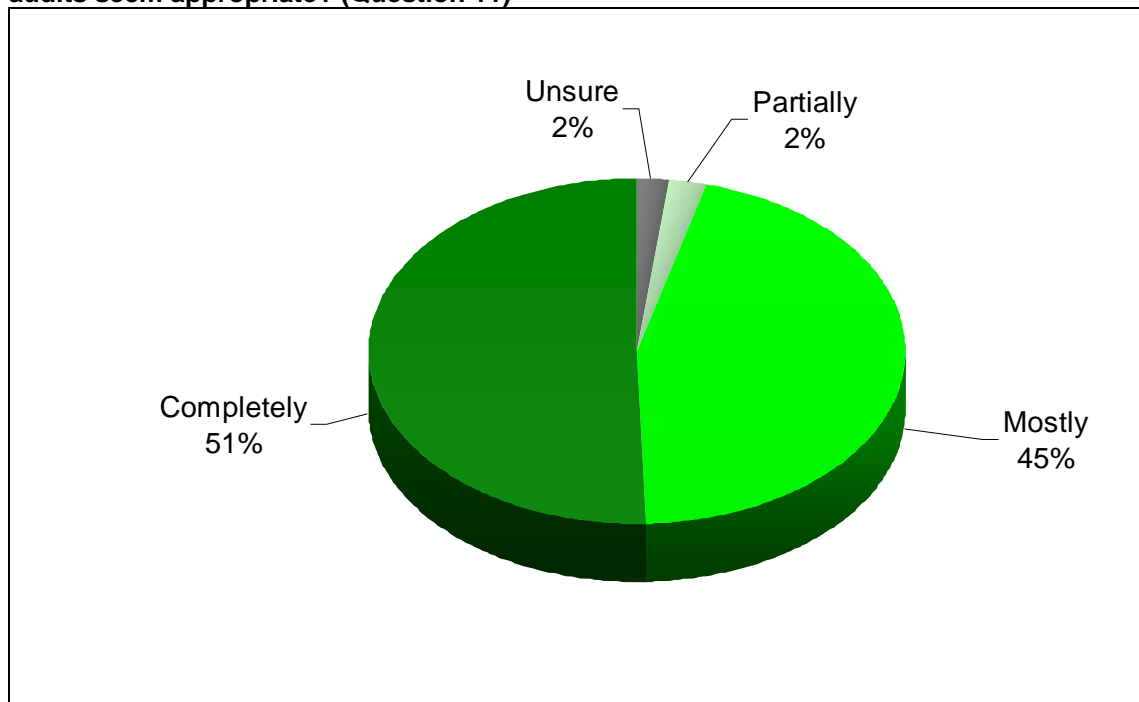
- examining efficiency
- the importance of financial sustainability
- demonstrating environmental sustainability
- shifting attention to outcomes and the impact on service users and citizens
- the importance of leadership and workforce issues, including supply and capacity
- assessing the impact of recent legislation and policy initiatives in terms of what they were intended to achieve and how they are working.

Respondents' Views

The Themes Guiding the Selection of National Performance Audits

As Figure 12 shows, almost everyone (96%) thought the themes were appropriate.

Figure 12: Do the proposed themes for guiding and selecting our national performance audits seem appropriate? (Question 11)

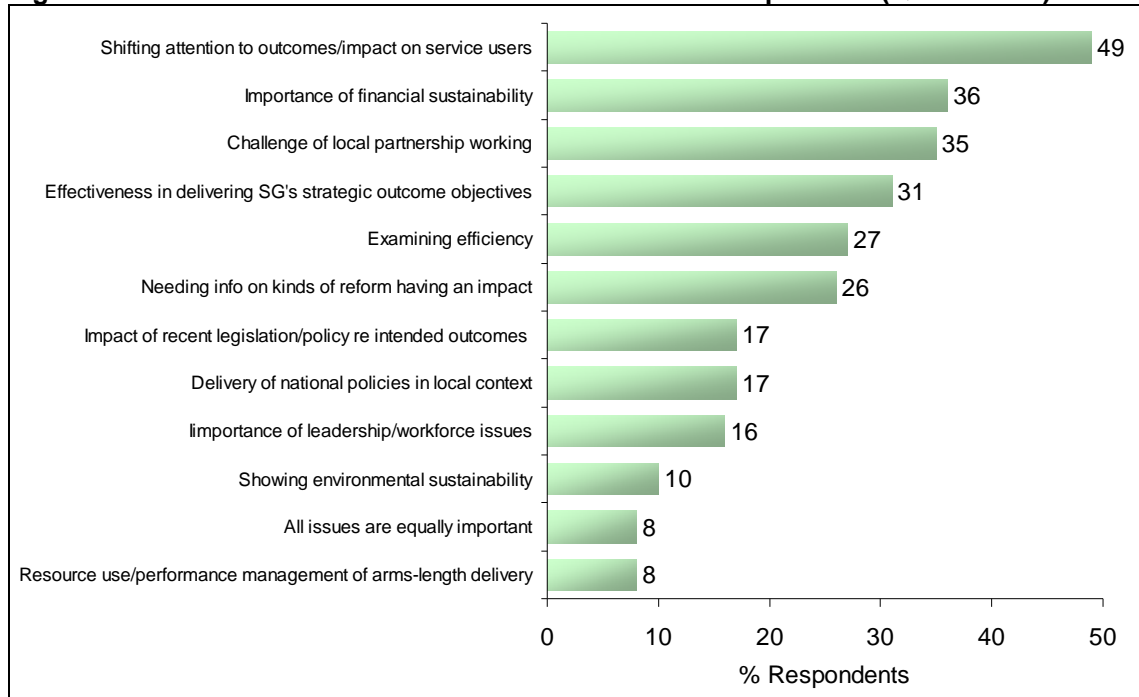


Base: all respondents who answered question 11 (127)

Respondents were asked to indicate the three most important themes. The rankings are shown in Figure 13 . The top three are as follows:

- 49%: impacts/outcomes. This was by far the most important theme and echoes earlier views that more needs to done by Audit Scotland to support performance improvement in the public sector
- 36%: ensuring financial sustainability
- 35%: the challenge of local partnership working.

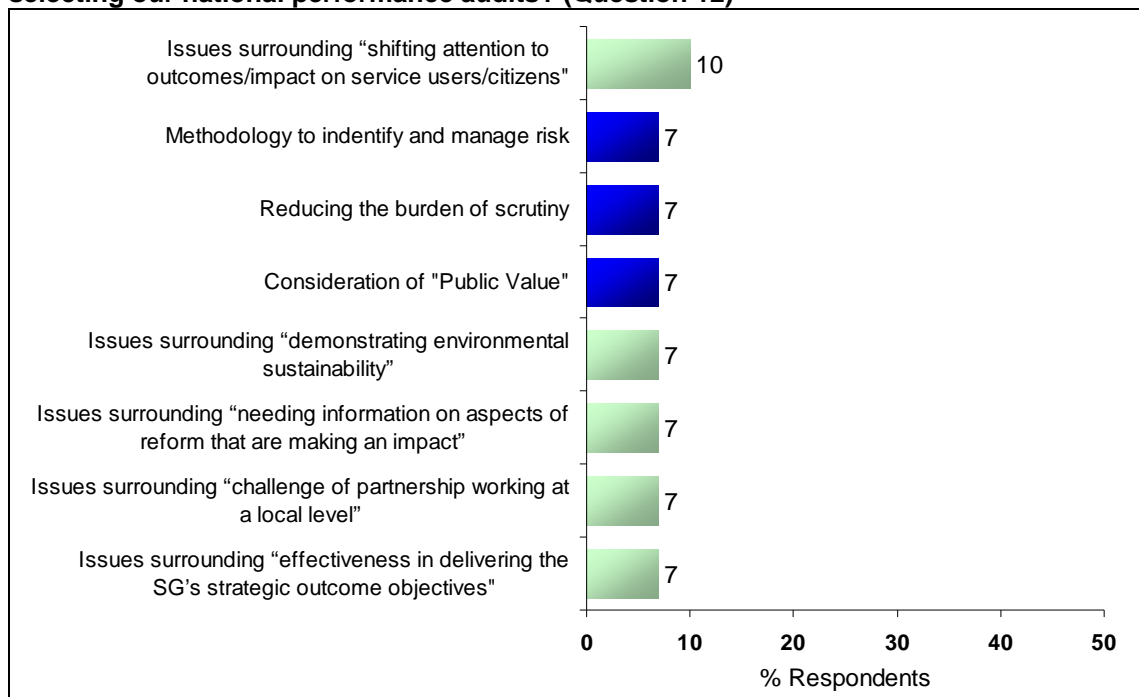
Figure 13: Of the themes described which 3 are the most important? (Question 13)



Base: all respondents who answered question 13 (125)

As regards changes that respondents would like to see to the themes, some respondents sought refinements to the criteria suggested in the consultation document. An additional 34 suggestions were made, mainly by no more than 2 respondents. These are shown in Appendix B. Suggestions made by 3 or more respondents are shown in Figure 14. Suggestions relating to criteria raised in the consultation document are shown in green and those relating to additional changes are shown in blue.

Figure 14: What changes would you like to see to the themes used for guiding and selecting our national performance audits? (Question 12)



Base: all respondents who answered 'mostly', 'partially' or 'not at all' at question 11 (43)

4.5 Best Value

Description of the Consultation Issue

The consultation document indicated that the Scottish Government expects Best Value duties to apply across the public sector and Audit Scotland must apply the audit of Best Value in ways that reflect the different accountability regimes in, for example, the health service compared with local government. The Best Value audit regime is now well established in the local government sector and it has helped to strengthen accountability and act as a catalyst for improvement in this sector.

Audit Scotland is committed to ensuring that Best Value auditing across the public sector is proportionate and risk based, with an emphasis on self assessment by public bodies. It will report on the delivery of outcomes as well as outputs and relate this performance to the use of resources. It will attempt to look at the experience of citizens and service users. This will involve Audit Scotland working closely with other scrutiny bodies across sectors to ensure that public bodies experience well co-ordinated and streamlined scrutiny.

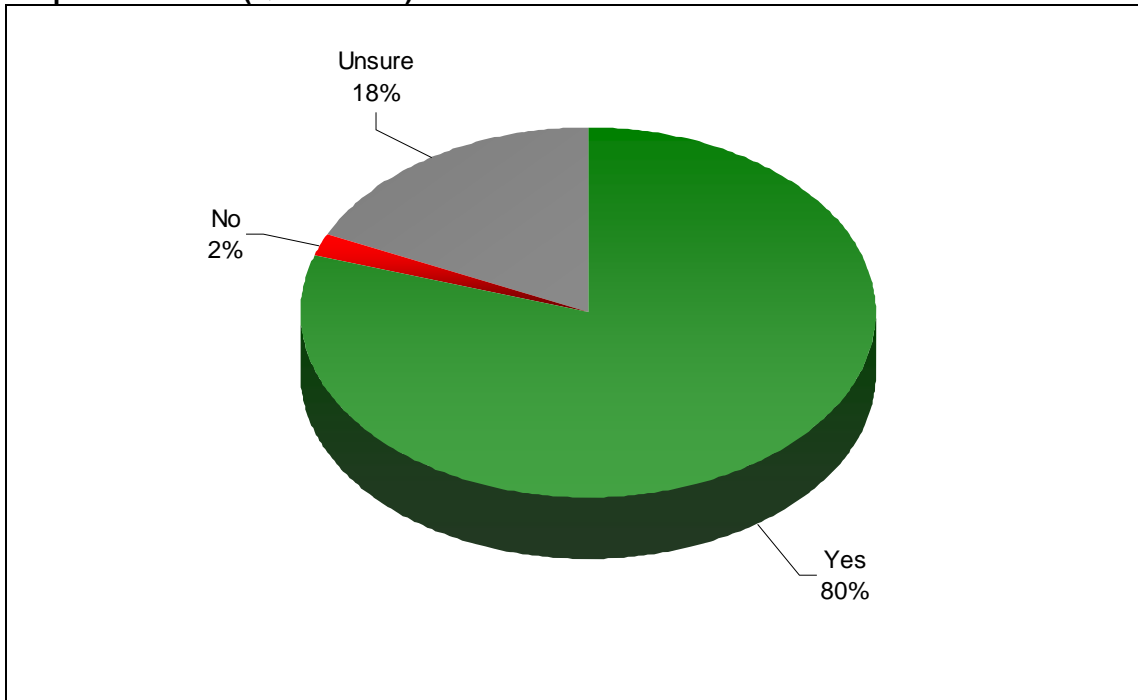
Audit Scotland's approach to Best Value auditing over the next few years will have several strands. They are progressively developing a series of Best Value audit toolkits. An early priority is an audit toolkit for the "use of resources" theme. Other priority areas – drawn from the Best Value principles – will include partnership working and the effectiveness of joint working, performance management, governance and risk management, including accountability and public performance reporting, sustainability and equalities. Audit Scotland's work in local government is further developing through BV2, and they are considering new approaches to self assessment, support for improvement and peer involvement.

Respondents' Views

Audit Scotland's Approach to Widening Best Value Auditing

Figure 15 shows that a very large majority (80%) agreed with Audit Scotland's approach to widening Best Value across the public sector. A further 2% did not agree, leaving a sizeable minority unsure if they agreed (20%).

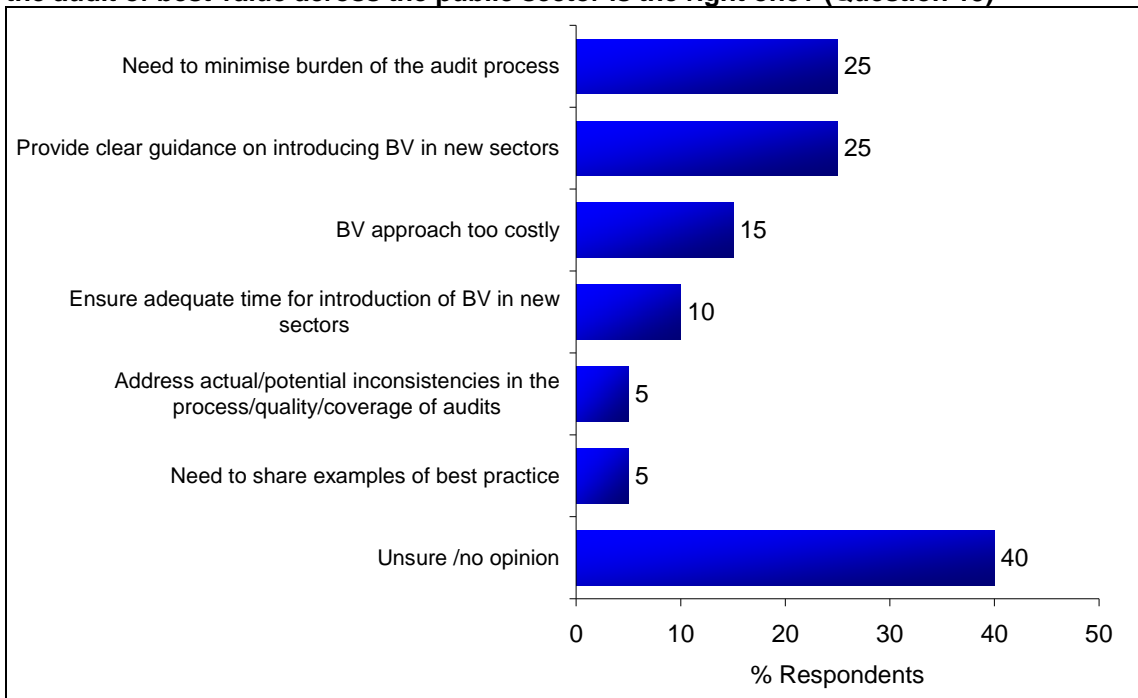
Figure 15: Do you agree that this is the right approach to the audit of Best Value across the public sector? (Question 14)



Base: all respondents who answered question 14 (126)

Only 20 respondents gave views on why they were unsure or did not agree with Audit Scotland's approach. The reasons are shown in Figure 16 below.

Figure 16: Please can you say why you do not agree or are unsure that the approach to the audit of best value across the public sector is the right one? (Question 15)

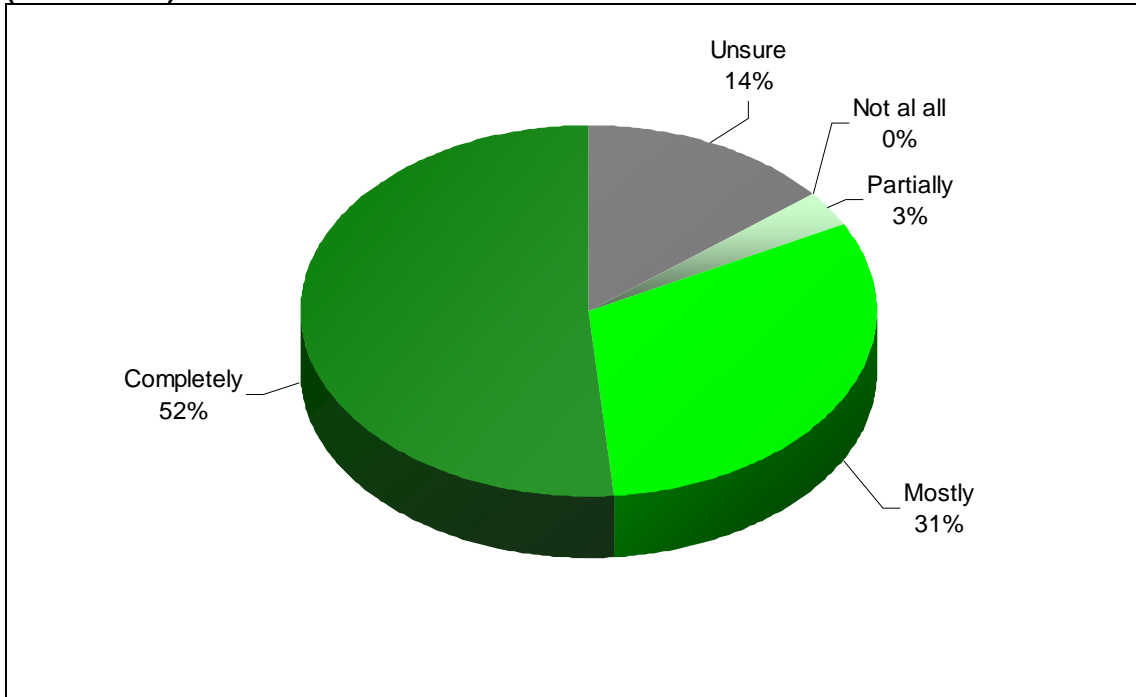


Base: all respondents who answered 'no' or 'unsure' at question 14 (20) **WARNING LOW BASE**

Priority Areas for Developing Audit Toolkits

A very large majority (83%) agreed completely, or mostly, with the priority areas. No one disagreed and 14% were unsure (see Figure 17).

Figure 17: Are the priority areas for developing the audit toolkits the right ones? (Question 16)



Base: all respondents who answered question 16 (126)

A small number of respondents (28) suggested reasons why the priority areas needed to be revised (see Figure 18):

- five respondents felt that the approach needed to ensure Best Value was making the best use of public resources:

“The potential ‘gap’ between public/political expectation and appropriate service delivery is a challenging issue which needs to be recognised, and addressed, by Auditors.”

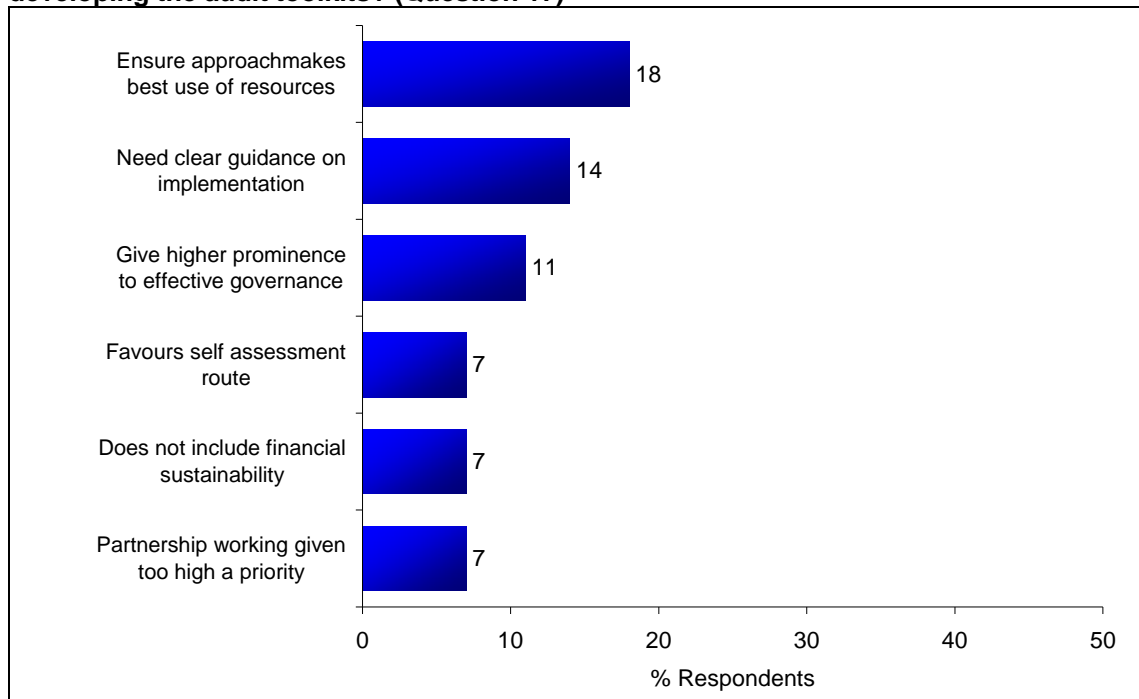
[Health Board]

- a further 4 did not necessarily see a need for revisions per se, but sought to ensure that appropriate guidance on the audit was provided:

“Best value audit needs also to benefit from the knowledge and experience in advisory bodies. These organisations hold a range of benchmarked information on quality of services. Using this knowledge and understanding will provide an effective way of working.”

[Professional Body]

Figure 18: Please can you say why you think we need to revise these priority areas for developing the audit toolkits? (Question 17)

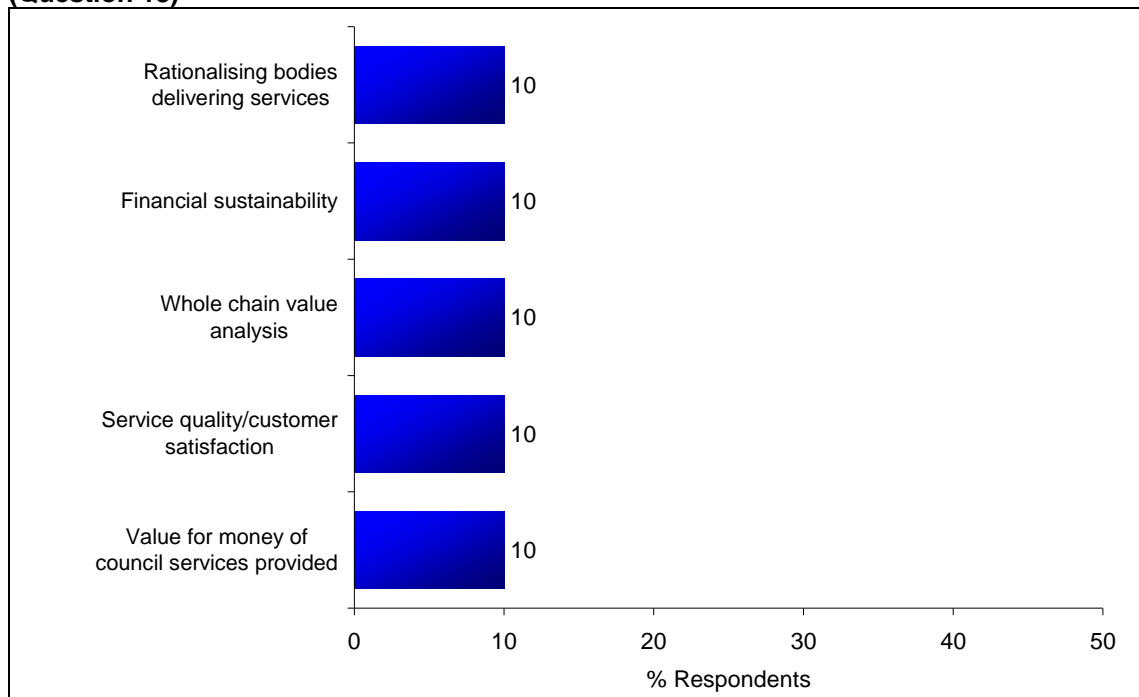


Base: all respondents who answered 'mostly', 'partially', 'not at all' or 'unsure' at question 16 (28)

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Figure 19, again with a small base of 21 respondents, shows the main other priorities that were suggested (by 2 people in each case). Appendix C provides the full list of suggestions.

Figure 19: What other priorities would you include for developing the audit toolkits? (Question 18)



Base: all respondents who answered 'mostly', 'partially', 'not at all' or 'unsure' at question 16 (21)

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5. MAXIMISING THE VALUE OF AUDIT SCOTLAND'S WORK

5.1 Introduction

The third theme of the consultation focused on how Audit Scotland intends to deliver the best possible audit services in the public sector. Views were sought on six ways of seeking to achieve this:

- how to measure the impact that audit has on public bodies
- how Audit Scotland can share best practice that promotes accountability in the public sector and improves performance
- being effective communicators of audit findings
- becoming a centre of audit excellence
- fees and charging arrangements
- being accountable and independent.

This chapter considers respondents views on each of these themes in more detail.

5.2 Measuring the Impact of Audit Scotland's Work

Description of the Consultation Issue

Audit Scotland indicated in the consultation document that measuring the impact of audit is complex and difficult. Audit has a wide range of impacts, from providing assurance, through to identifying scope for improvement in quality and efficiency. Although audit can identify the potential for improvement in public services, in most cases improvement will only be achieved if public bodies make changes to how they do their work.

Audit Scotland plans to use the following four categories to identify the impact they expect their work to have, and to review what it has achieved in practice:

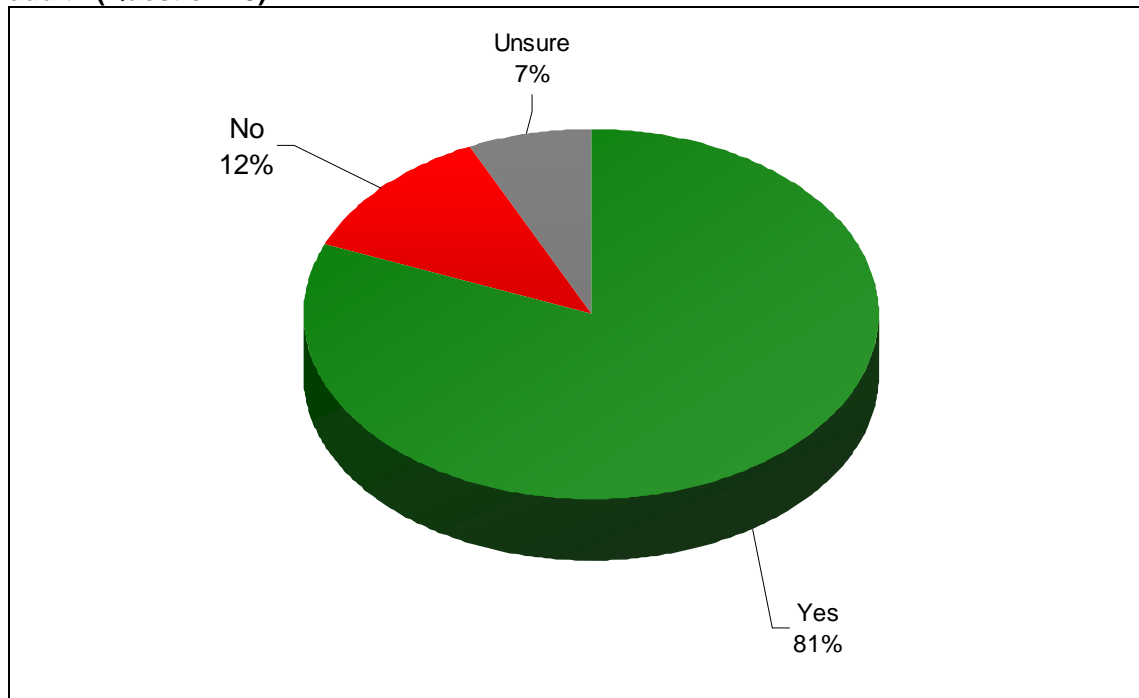
- providing assurance and promoting accountability for performance
- improving planning and management
- improving economy and efficiency
- improving effectiveness and quality.

Respondents' Views

Views on the Four Point Framework

A very large majority of respondents (81%) agreed that the four categories provided a useful framework for measuring the impact of audit (see Figure 20).

Figure 20: Do these categories provide a useful framework for measuring the impact of audit? (Question 19)



Base: all respondents who answered question 19 (123)

Among the small number of respondents who were unsure or did not agree (20 – see Figure 21) the 2 key issues for them were:

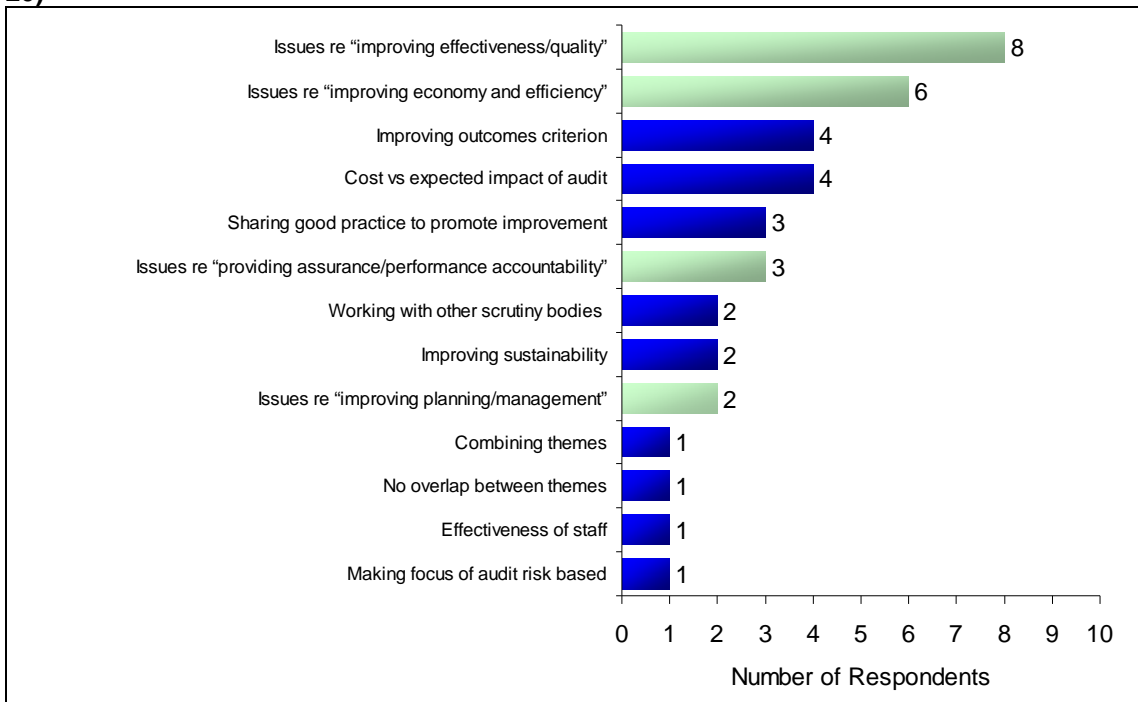
- issues surrounding effectiveness and quality
- improving economy and efficiency.

Improving Effectiveness and Quality: a wide range of comments were made about the four themes in general, but which can be applied to this theme. Several respondents indicated that the value for money of auditing effectiveness and quality should be reviewed, including benchmarking against other sister organisations. One respondent, who commented specifically on this theme, felt that effectiveness and quality improvements could only be measured in the medium to long term.

Improving Economy and Efficiency: one respondent indicated that economy and efficiency could not be considered by themselves, but only in the context of delivering Best Value. The other comments were the same general ones made above, but which apply to the economy and efficiency theme.

Comments relating to issues described in the consultation document are shown in green in Figure 21 and comments relating to additional issues received from respondents are shown in blue.

Figure 21: What other criteria should we use to measure the impact of audit? (Question 20)

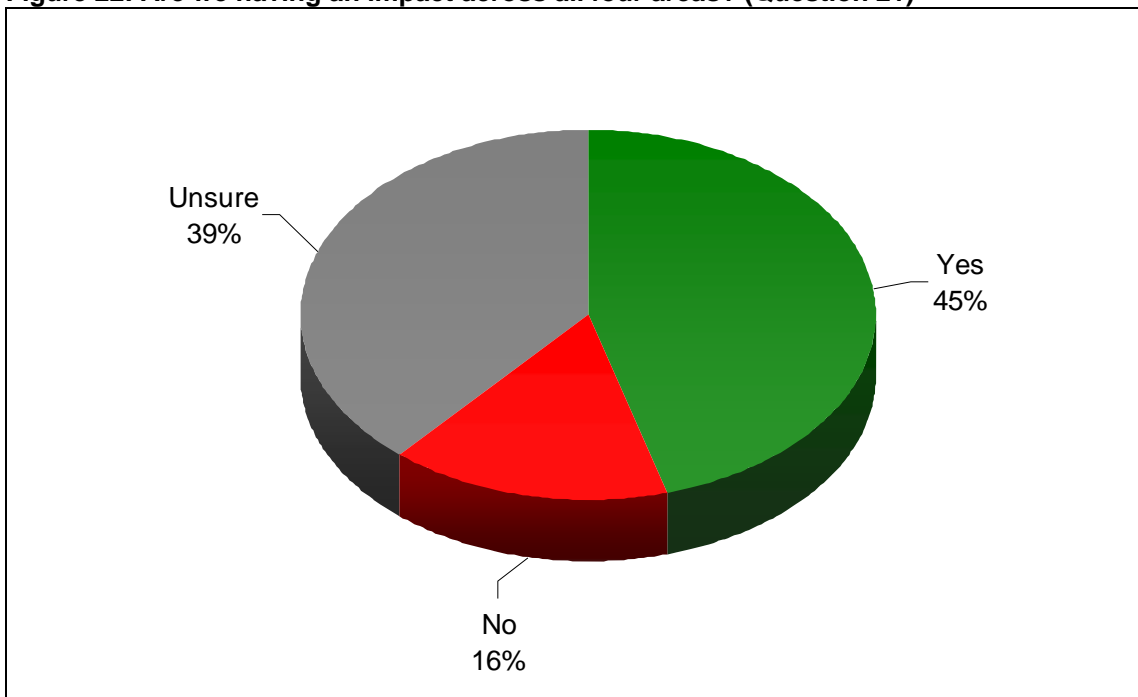


Base: all respondents who answered 'no' or 'unsure' at question 19 (20) **WARNING LOW BASE**

Impact of Audit Scotland on the Four Areas of Audit

This is another area where a large proportion of respondents are uncertain of Audit Scotland's impact (39%). One in six did not think the organisation is having an impact over all 4 areas and 45% indicated that it is having an impact (see Figure 22).

Figure 22: Are we having an impact across all four areas? (Question 21)



Base: all respondents who answered question 21 (123)

Improving Audit Scotland's Impact

Respondents who were unsure, or did not agree, that Audit Scotland is having an impact over the four areas, were asked where they thought improvements were needed. Figure 23 shows that 2 issues stood out for these respondents:

- 25% wanted constructive ways of measuring the impact of audit
- 24% wanted more emphasis on improving the effectiveness or quality of public services.

Examples of the comments received on constructive ways of measuring the impact of audit are as follow:

“Evidence of improving economy and efficiency (is required).”
[Audit Firm]

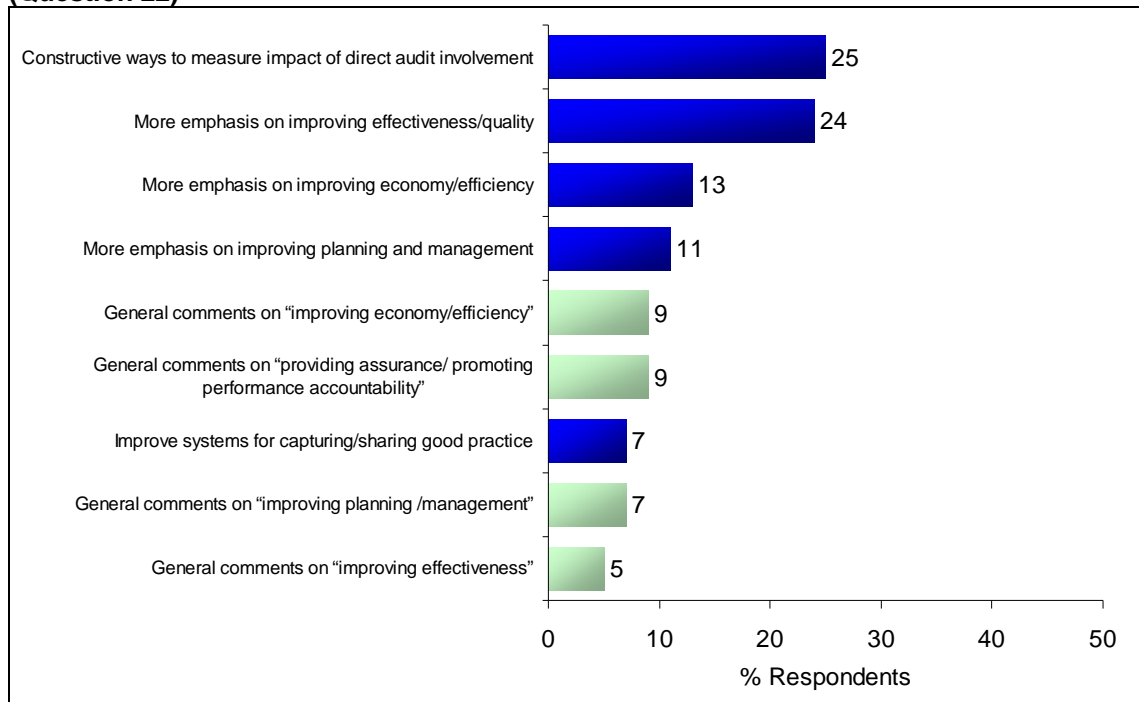
“I think you need to show how your activities help others to improve. You can't 'audit in' improvement – so how does Audit Scotland help any one improve.”
[Anonymous]

Most respondents simply stated that more emphasis was needed on effectiveness and quality. Some, however, did say that this was needed to counter a perceived emphasis on accountability. An example of these comments is as follows:

“Main focus is currently on assurance and accountability for money to Scottish Parliament. Currently less emphasis on improving effectiveness and quality.”
[Health Board]

Comments relating to issues described in the consultation document are shown in green in Figure 23 and comments relating to additional issues received from respondents are shown in blue.

Figure 23: In which areas could we make more of an impact through our audit work? (Question 22)



Base: all respondents who answered 'no' or 'unsure' at question 21 (55)

5.3 Sharing Good Practice and Supporting Improvement

Description of the Consultation Issue

The document set out that, as auditors of the whole of the Scottish public sector, Audit Scotland is in a unique and privileged position. Its local and national audits already play an important part in supporting improvement across the public sector, but they can do more to share the good practices that they identify.

Audit Scotland is committed to strengthening their arrangements for supporting improvement and sharing good practice through:

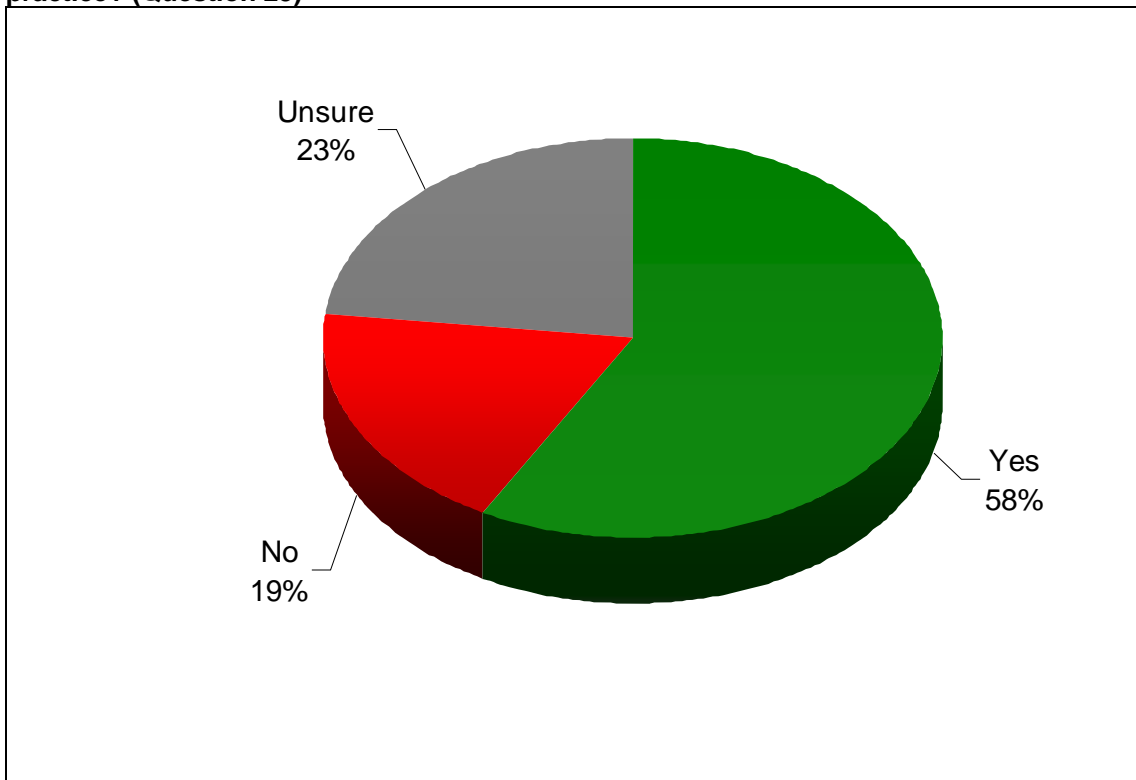
- improving our systems for capturing and sharing examples of good practice
- working with improvement agencies in the local government and NHS sectors.

Respondents' Views

Ways of Supporting Improvement and Sharing Good Practice

Figure 24 shows that almost 60% thought Audit Scotland could find other ways of supporting such improvements.

Figure 24: Are there other ways in which we can support improvement and share good practice? (Question 23)



Base: all respondents who answered question 23 (122)

Those who thought Audit Scotland could improve, or were unsure if they could improve, this aspect of their work, were asked for suggestions on ways of achieving these goals.

Figure 25 shows that the key improvements break down into two key groups:

- spreading information
- better engagement with audit partners.

The two themes each have a number of attributes.

Spreading Information

- 25% made comments on finding ways of sharing good practice learnings over as much of the public sector as possible (and in some cases not just over local government and the NHS). For example:

“...there may be a case for a generic report on audit issues across Scotland's Public Services (published annually by the Auditor General) which seeks to identify general issues and possible responses to them (this goes well beyond the current cross-cutting themes)”.

[FE College]

- 15% commented on reporting more examples of good and bad practice, for example:

“Highlight specific opportunities for improved performance in published performance reports. Highlight transferable instances of good practice in performance reports.”

[Anonymous]

- 8% suggested looking further afield for examples of good practice and/or best practice principles, for example:

“Look outside the box and see if there are opportunities to share international examples of good practice.”

[Scottish Government Civil Service]

- suggestions for practical means of spreading information included seminars (10%) and newsletters (6%).

Better Engagement with Audit Partners

- 15% suggested that more engagement with other scrutiny bodies was needed. For example:

“Not sure (that) by reference to local govt / NHS you have included the Police. The tasking and coordinating model (NIM) is a good business model adopted by the police service which could be more widely utilised and assist in coordinating activity across organisations.”

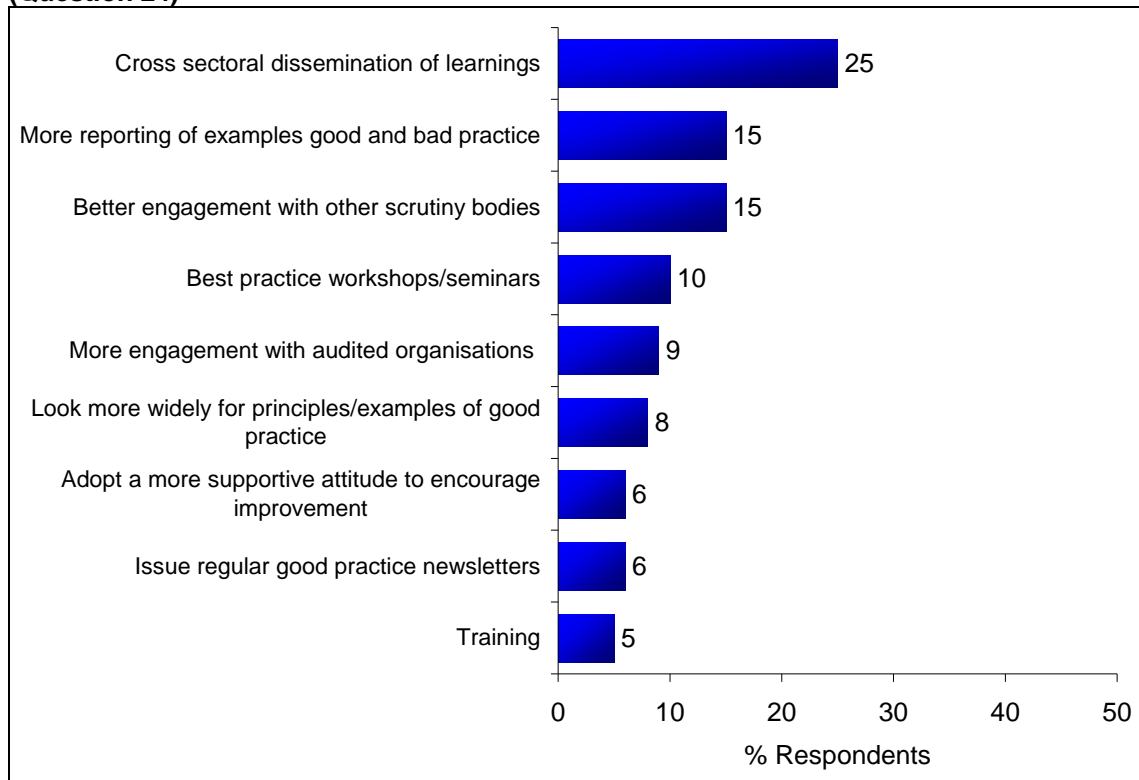
[Police Service]

- 8% sought more engagement with audited bodies, for example:

“Audit Scotland needs to be both more interactive and proactive. Simply publishing reports will not secure sufficient level of change. Events require to be organised and there requires to be much more partnership-based contact between auditors and the audited bodies.”

[Local Authority]

Figure 25: What else should we do to support improvement and share good practice? (Question 24)



Base: all respondents who answered 'yes' or 'unsure' at question 23 (81)

5.4 Communicating More Effectively

Description of the Consultation Issue

The consultation document stated that feedback on Audit Scotland's performance audit and Best Value audit reports indicates that they are valued by the Parliament's Audit Committee and by audited bodies. However, not all readers think they are user-friendly.

Audit Scotland is committed to improving the way they communicate the findings of their work and is planning a range of developments such as:

- producing short summaries of the key findings from its performance audits
- preparing summaries of Best Value audit findings for local people
- providing advice to public bodies on issues that arise from the national performance audits
- making greater use of its website to provide more detailed analysis and information relating to their published reports
- running seminars and events to discuss findings
- taking part in conferences.

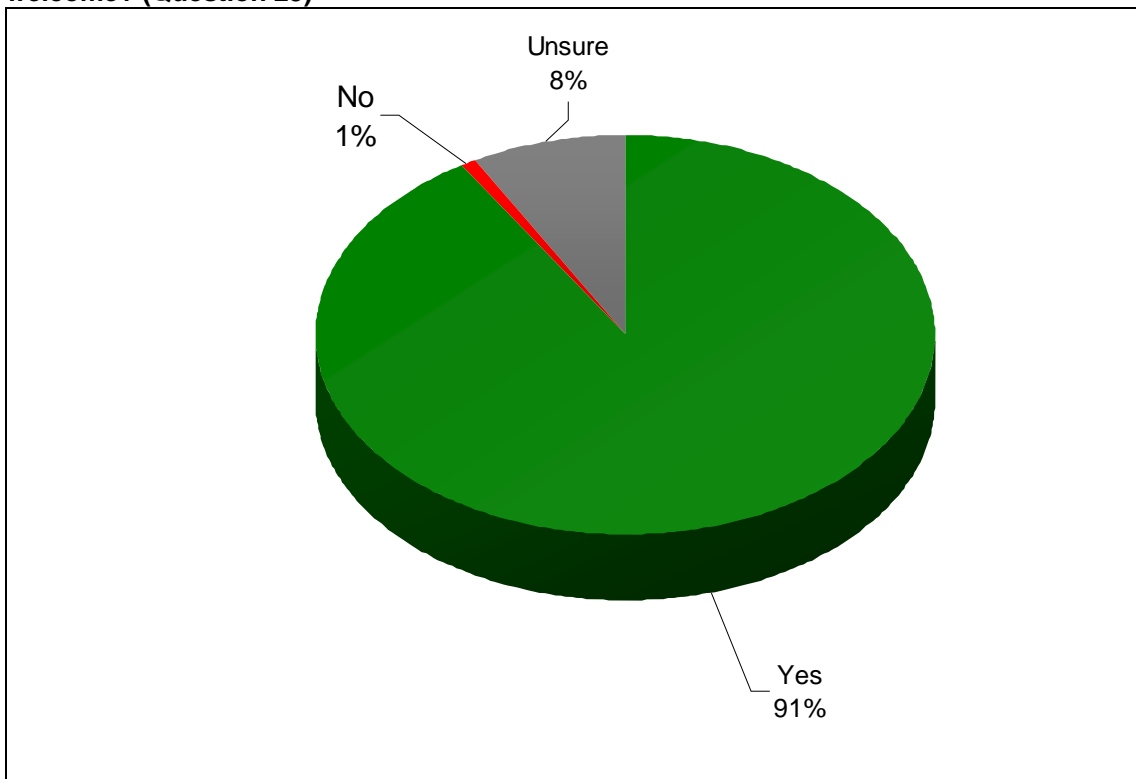
Audit Scotland's most recent survey of public bodies indicates high levels of satisfaction with the quality of the annual audit and its impact, however a number of respondents identified the need for improvements in some aspects of consultation and communication.

Respondents' Views

Views on the New Ways of Reporting and Communicating

Figure 26 shows that a very large majority of respondents (91%) welcomed the new ways of reporting and communicating.

Figure 26: Will these new ways of reporting and communicating our findings be welcome? (Question 25)



Base: all respondents who answered question 25 (122)

Communicating National Performance Audits

Figure 27 suggests that about 1 in 3 do not think that any improvements are needed. However, where suggestions were made, there are two main ways that respondents believe Audit Scotland can improve the way it communicates:

- 19%: stated that, when reports are drafted, they should recognise more the information need and capacity of the target audience. For example:

“Consider how messages can be better delivered to end users in a way that is meaningful to them.”

[Professional Body]

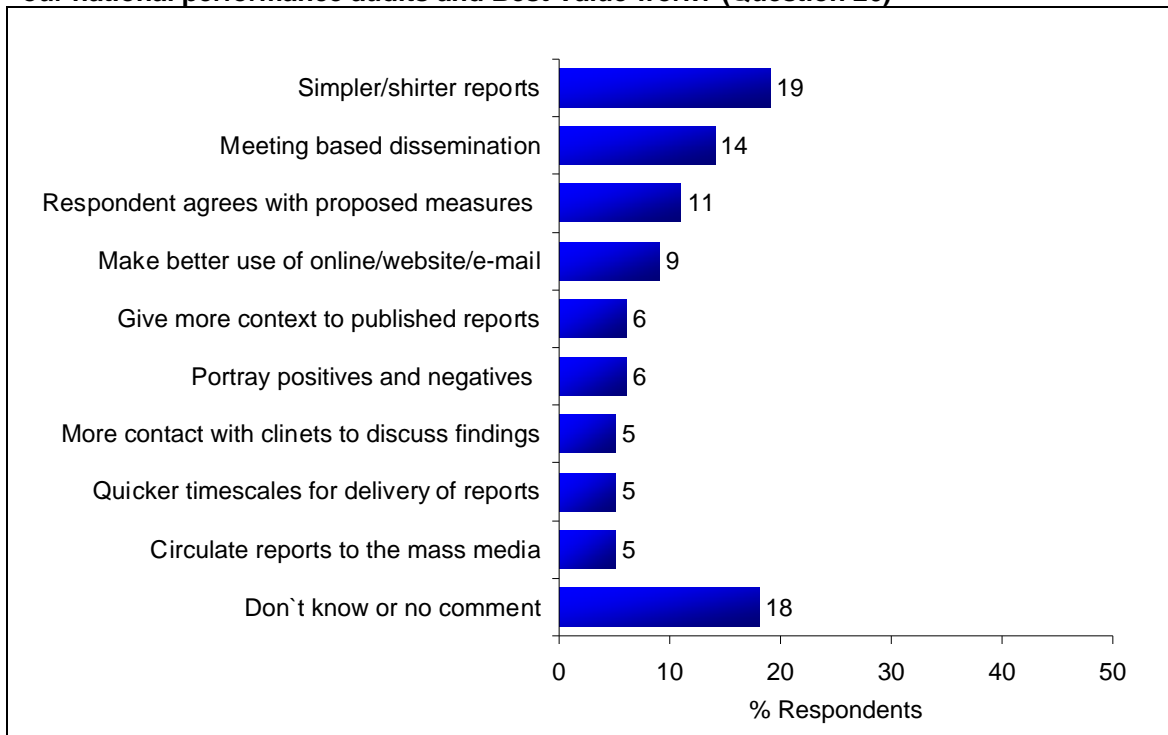
“Keep it short and intelligible please.”
 [MSP]

“Use of plainer English. Clearly showing the relevance of the audit to the citizen, clear action plan and expectations focus. What can the citizen do to influence and find out more about the audited body.”
 [Scottish Government Agency/NDPB]

- 14%: sought more seminar format communications, for example:

“Important messages need to be repeated if they are to be communicated effectively. There is scope to abstract from individual audits some general principles and messages. Such matters can be communicated by a variety of means. Seminars and events are particularly good for that purpose.”
 [Audit or Inspection Agency]

Figure 27: What else could we do to improve the way we communicate the findings of our national performance audits and Best Value work? (Question 26)



Base: all respondents who answered question 26 (79)

Communicating and Engaging with Clients at a Local Level

Figure 28 shows that almost a quarter of respondents are either satisfied with current communications or welcome the intended improvements. A further 21% did not know how they could be improved further.

The key improvements surrounded personal communications with clients. Most (15%) reiterated Audit Scotland’s proposals surrounding seminars. A further 12% valued regular personal communications and 13% wanted better direct communications. The following examples illustrate the comments made:

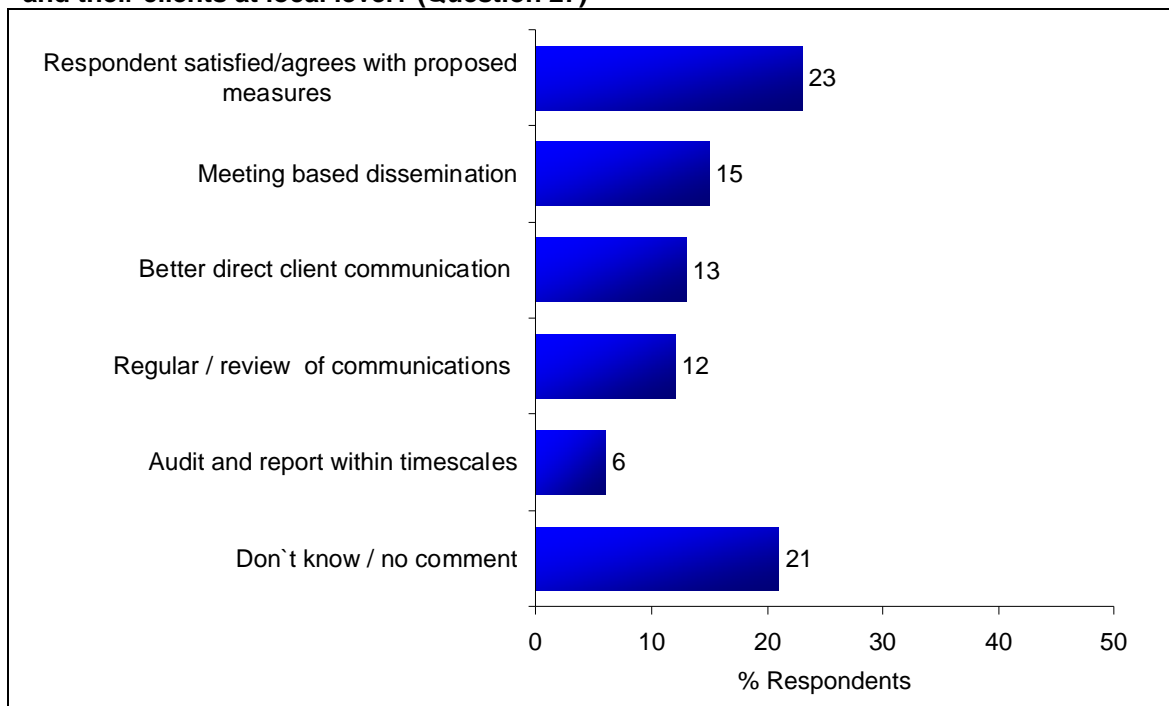
“Better early engagement when considering new areas for audit or changes in approach – a more consultative approach.”

[Scottish Government Agency/NDPB]

“Improve the importance/formality of follow-up arrangements and how these are reported and communicated.”

[Audit or Inspection Agency]

Figure 28: What can we do to improve communication and engagement between auditors and their clients at local level? (Question 27)



Base: all respondents who question 26 (82)

5.5 Becoming a Centre of Excellence

Description of the Consultation Issue

This section of the consultation document stated that Audit Scotland wants to remain an excellent place to work, where staff have a reputation for professionalism and expertise, are focused on quality, and have pride in what they do. Audit Scotland aspires to become a centre of excellence for auditing and performance reporting. It will do this by:

- ensuring that its staff have the professional and technical skills to deliver their work, and that they support their development as effective managers and team members
- running a graduate training scheme with the Chartered Institute for Public Finance and Accounting to ensure, not only that they have a steady flow of highly skilled auditors to work with them, but also that Audit Scotland contributes to the training and development of finance professionals who can work across the public sector
- developing ways of sharing its technical expertise more easily with clients, without compromising their independence
- continuing its programme of international audit activity to learn from other countries and share Audit Scotland's experience and expertise.

Respondents' Views

Key Challenges to Becoming a Centre of Excellence

As Figure 29 shows, respondents considered that there are three main challenges that Audit Scotland has to address to become a centre of excellence:

- 26%: recruiting and retaining staff
- 21%: staff learning techniques for audit and practical experience of the context for audit
- 16%: ensuring staff have the right skills including non financial auditing skills.

An example of comments relating to recruiting and retaining staff:

“Audit Scotland must compete with Private Sector agencies for the 'best' graduates and then with appropriate skills and experience. It is doubtful that Audit Scotland will, in these circumstances, ever attract anything other than 'first rate, second raters'. There will, of course, be honourable exceptions. This is the inevitable fact of 'market forces'.”

[Anonymous]

Examples of comments on staff learning techniques for audit and practical experience of the context for audit include:

“Employing staff who have a clear understanding of the context in which local authorities work and who have relevant and up to date experience and skills.”

[Professional Body]

“Encouraging a high performance culture at all levels; identifying post qualifying training needs and providing them. This could include promoting two way secondments to enable people to learn other approaches and broaden experience – these could be to other audit agencies, audited bodies, professional firms, consultants etc.”

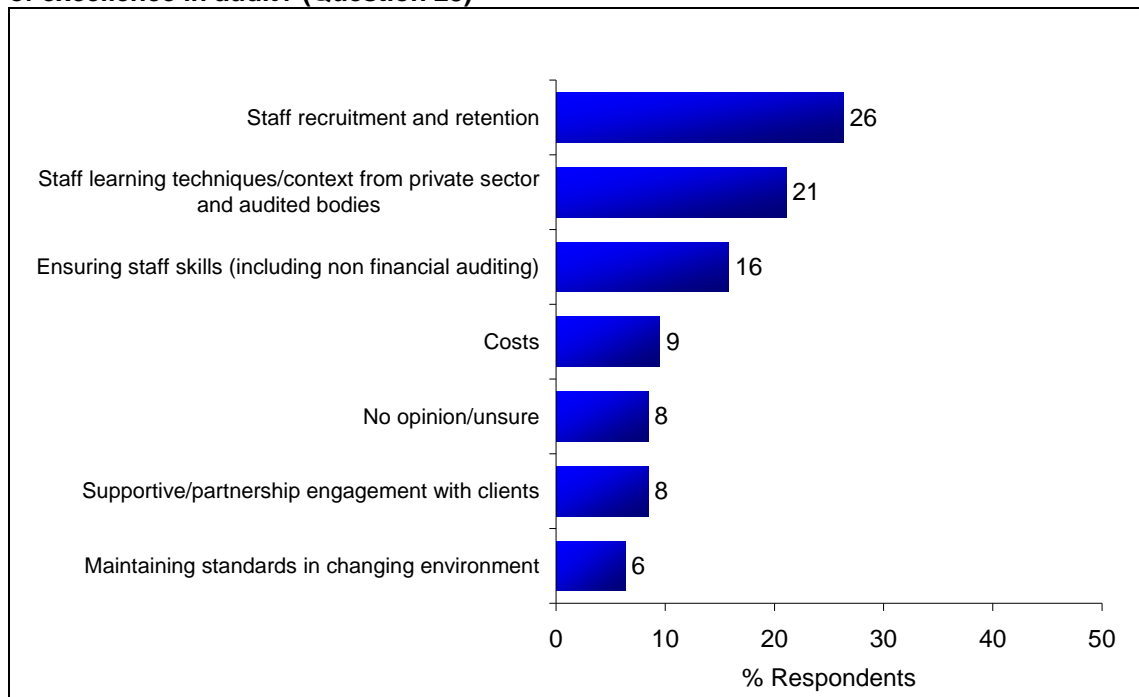
[Audit Firm]

An example of ensuring staff have the right skills, including non financial auditing skills, was:

“Perhaps promote a range of qualifications among team members, as the skills required are becoming increasingly less focused on purely financial issues. It is a challenge to persuade CIPFA graduates that public sector audit is at least as worthwhile and challenging as a career in accountancy”.

[Anonymous]

Figure 29: What do you think are the key challenges for AS in trying to become a centre of excellence in audit? (Question 28)



Base: all respondents who answered question 28 (97)

5.6 Fees and Charges

Description of the Consultation Issue

The document stated that Audit Scotland may impose reasonable charges for specified parts of its work. At present local government pays for all audit work while central government and further education colleges only pay for the annual financial audit work. NHS bodies pay for the financial audit and some of the performance audit work. Audit Scotland's remaining resources are provided by Parliament.

In setting charges, Audit Scotland tries to ensure that it operates efficiently and effectively while maintaining required professional standards and meeting the expectations of stakeholders.

Key principles underlying the fee strategy include:

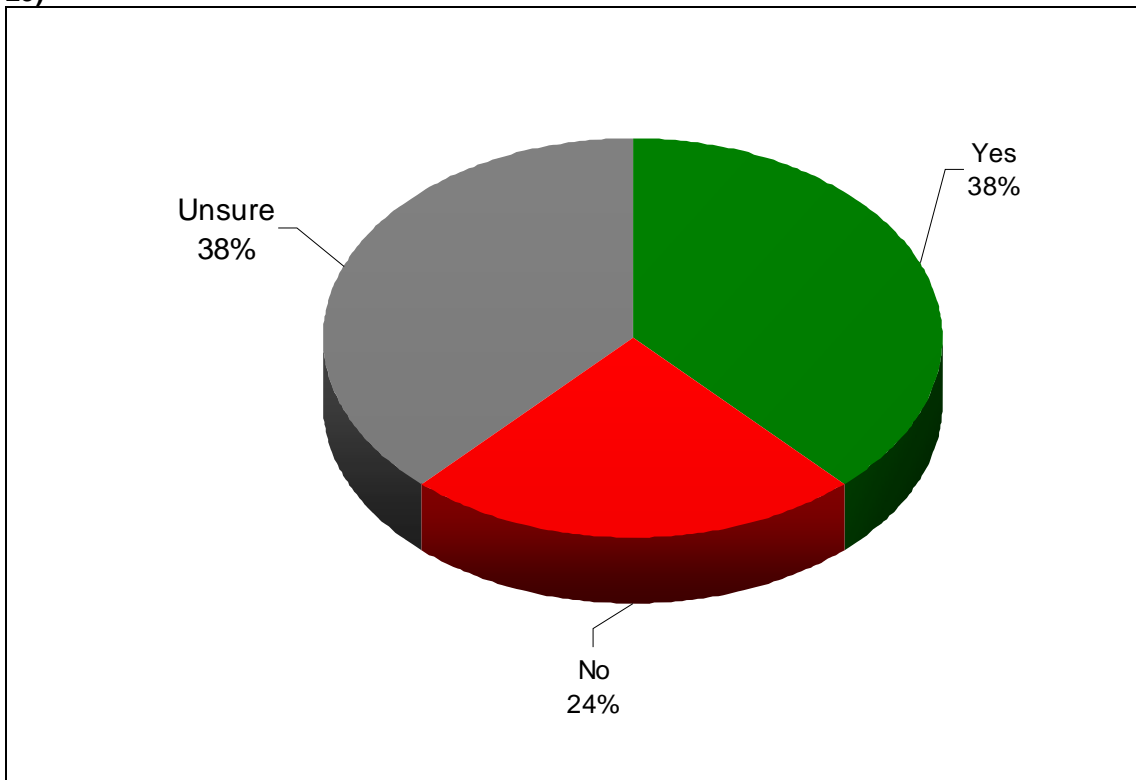
- that there should be a mixed market of provision involving Audit Scotland teams and private audit firms
- that audited bodies should pay the same fee whether they are audited by a firm or by an Audit Scotland team
- that travel costs for audits are pooled to ensure that audit fees are not unduly affected by the location of the appointed auditor.

Respondents' Views

Improving Charging Arrangements

Figure 30 indicates mixed views on whether Audit Scotland can improve its charging arrangements, with 38% being unsure, 38% believing it can improve and 24% stating that it could not.

Figure 30: Can Audit Scotland improve its charging arrangements in any way? (Question 29)



Base: all respondents who question 29 (120)

Figure 31 shows the suggestions made on ways to improve charging arrangements. The key improvement, mentioned by one third of respondents, was that charging should be clearer, more transparent and/or comprehensive. Another 22% wanted fees reduced and 12% wanted a review of how audit charges are set. A total of 20% did not know how improvements could be made.

Examples of comments on transparency include:

“Support fees with an estimate of the time required to do the work and the level of auditor, as private firms do with other services like internal audit.”

[Scottish Government Agency/NDPB]

“There is little transparency in the calculations and the fees seem to vary (and increase) markedly year on year.”

[Scottish Government Agency/NDPB]

An example of comments on reducing fees was:

“The expansion of areas on which reliance is placed on internal audit from year to year should be reflected in a reduction of fees.”

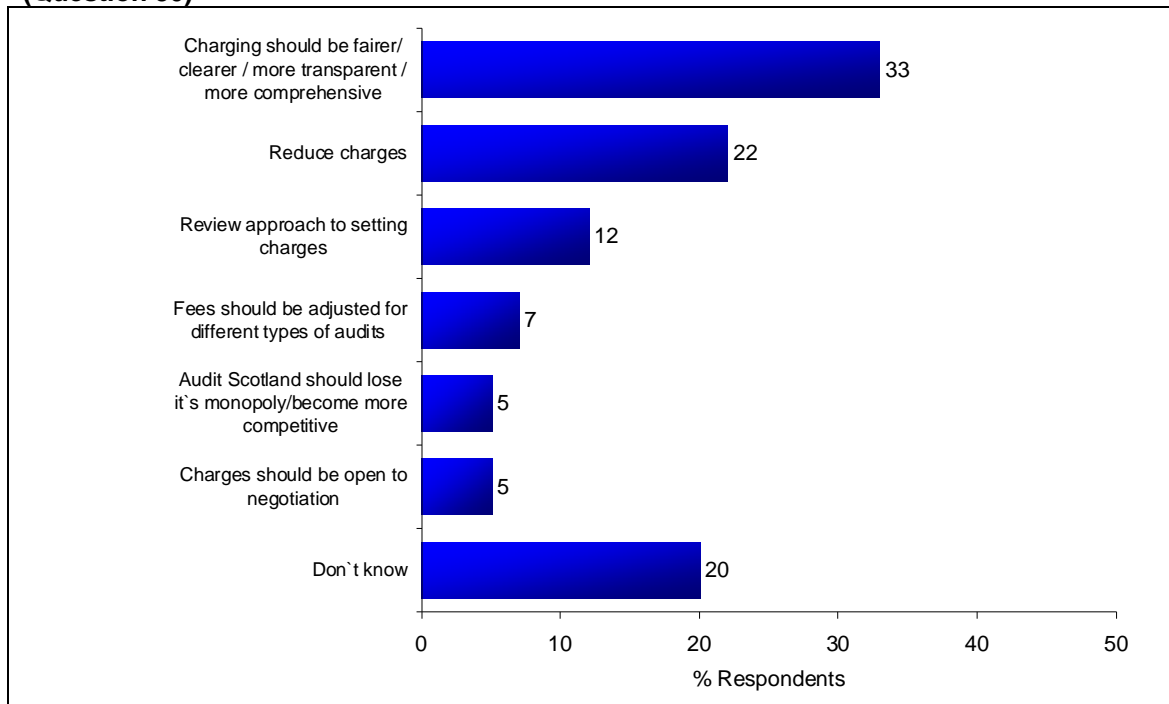
[Anonymous.]

On reviewing how audit fees are set, one respondent commented:

“Our understanding was that the audit fees for further education colleges DO include a contribution to the costs of other work. If the fees only relate to the audit of colleges’ accounts, they are very high compared to audit fees for similar organisations and the audit fees that colleges were paying before they were made subject to audit by the Auditor General for Scotland.”

[Scottish Government Agency]

Figure 31: What improvements could Audit Scotland make in its charging arrangements? (Question 30)



Base: all respondents who answered 'no' or 'unsure' at question 29 (60)

5.7 Independence and Accountability

Description of the Consultation Issue

The consultation document indicated that Audit Scotland is held to account through a number of governance processes:

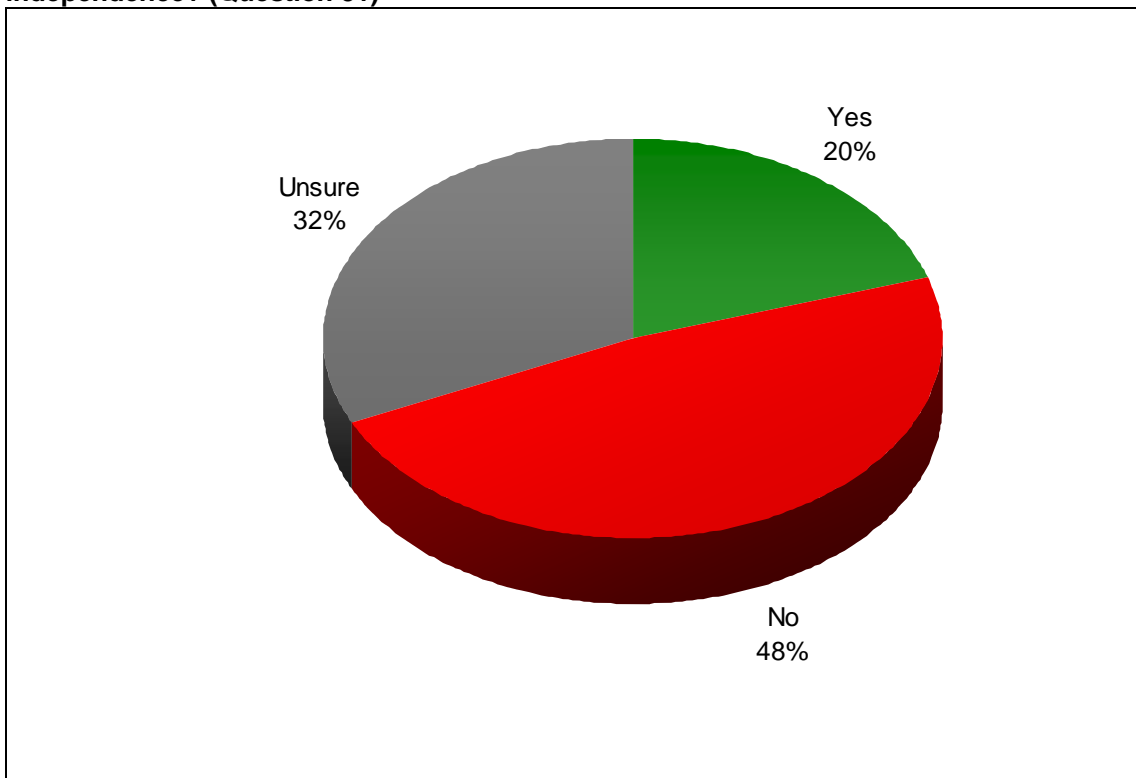
- there is a board of five members, including three non-executives
- they are held to account by the Scottish Commission for Public Audit (SCPA) which considers Audit Scotland’s budget and accounts, reviews their performance, and makes reports to the Finance Committee on their resource needs
- Audit Scotland’s auditors are appointed by the SCPA and have no other business relationship with them
- they publish an annual report and accounts.

Respondents' Views

Improving Accountability While Maintaining Independence

As Figure 32 shows, almost half of respondents did not think Audit Scotland could improve its accountability without compromising its independence. Almost one third were unsure, leaving 1 in 5 who thought it was possible.

Figure 32: Could we improve our accountability without compromising our independence? (Question 31)



Base: all respondents who answered question 31 (120)

Among those who did not think improvements were possible, the vast majority (85%) thought that the existing arrangements were adequate.

Among those who believed it could improve (22 respondents), 7 thought that Audit Scotland could be more transparent in its costs, audit processes and circulating information about itself (eg minutes). Six believed that the Board could be drawn from a wider pool.

Examples of comments received are:

“Holding Board meetings in public would give more accessibility and visibility of Audit Scotland”.

[Anonymous]

“Appointment of Non-Execs (to the Board) could be more open and fair.”

[Anonymous]

Publishing Information about Audit Scotland’s Costs and Work Quality

Most (35%) wanted to see more information on what Audit Scotland’s work costs. On a related theme, 18% wanted to see justification for Audit Scotland’s costs. A quarter wanted to see data on the impact of Audit Scotland’s work (Figure 33).

Examples of comments received include:

“Cost, including overheads, of work leading to publication of each report eg each best value report , each themed study etc.”

[Audit Firm]

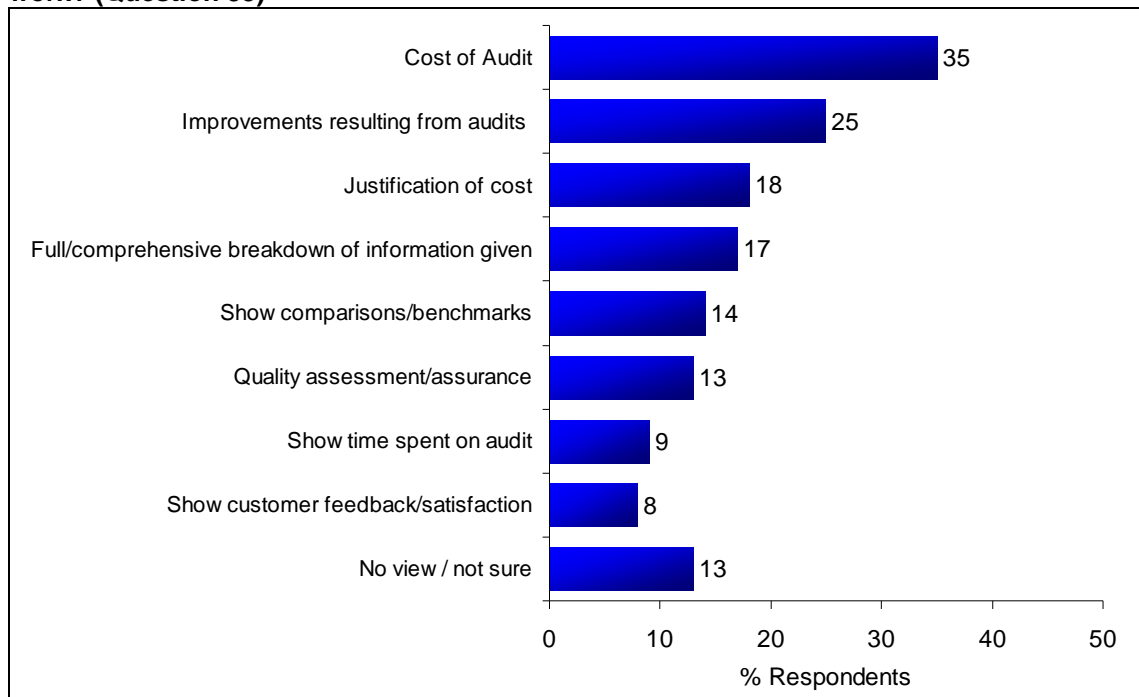
“Budget and the ability to deliver within that.”

[Health Related Organisation]

“The cost of each piece of work should be published (and the number of days taken to complete it). After an appropriate gap these should be compared with an estimate of the impact of the report.”

[Anonymous]

Figure 33: What key information should we publish about the cost and quality of our work? (Question 33)

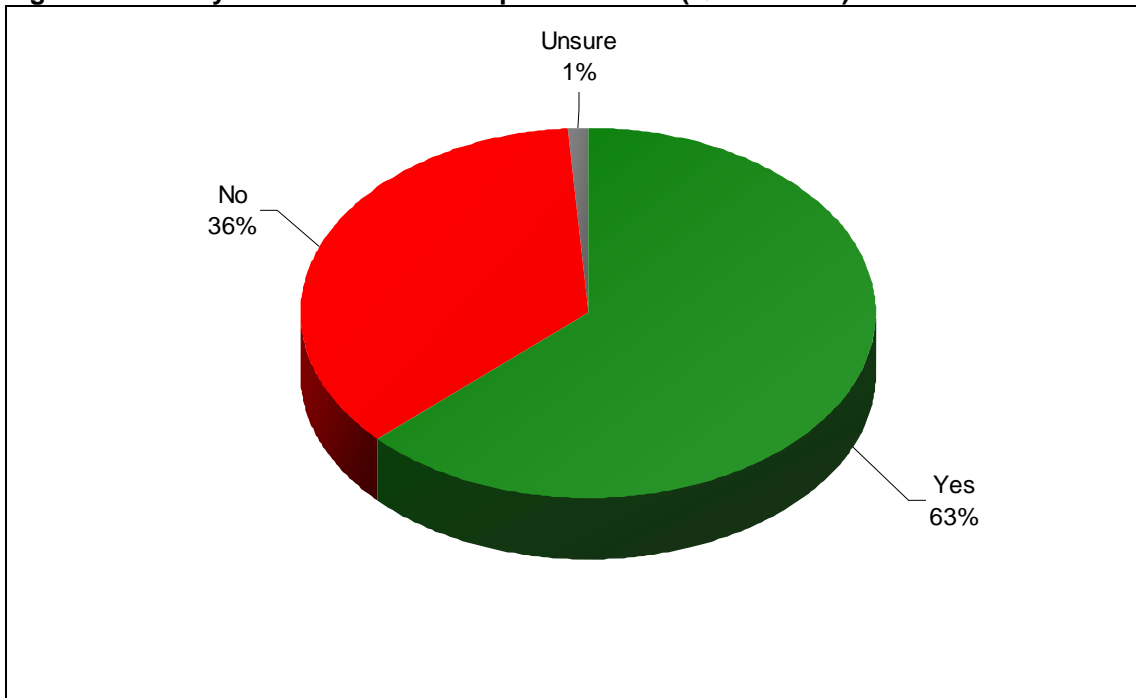


Base: all respondents who answered question 33 (88)

The Annual Report

Almost two thirds of respondents had read the 2007/08 annual report (see Figure 34).

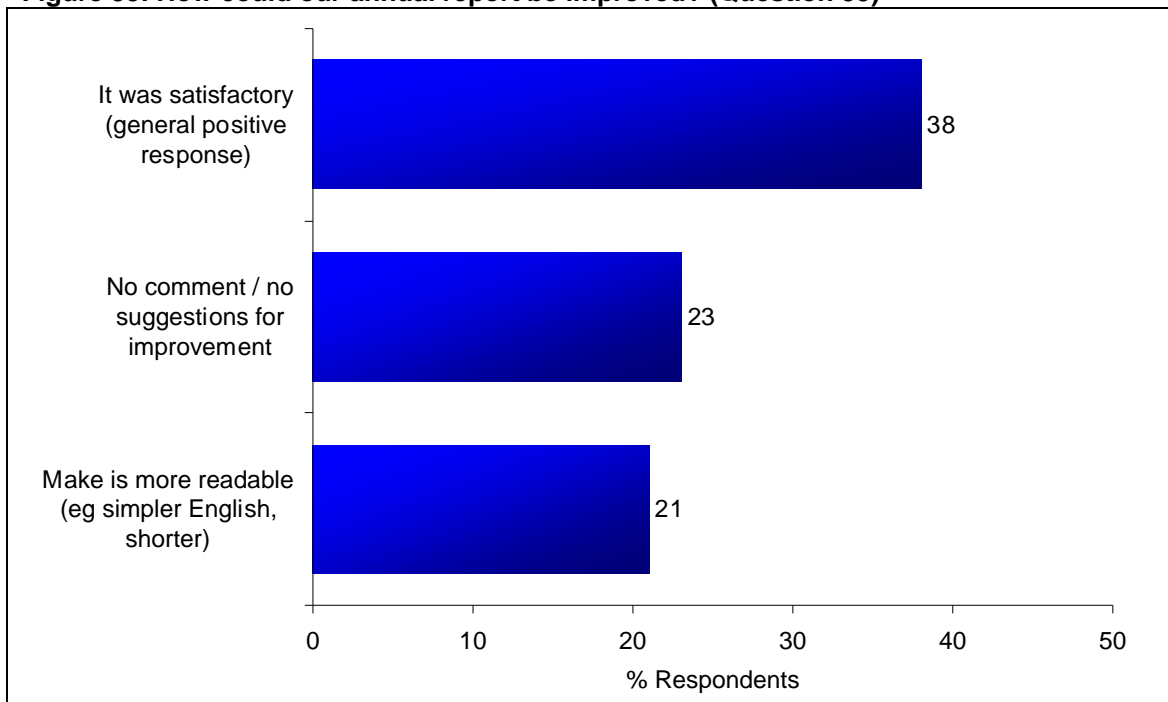
Figure 34: Have you read our annual report 2007-08? (Question 34)



Base: all respondents who answered question 34 (120)

As Figure 35 shows, over 60% did not think it required any improvements. One in five thought it should be made more readable using simpler English and/or by making it shorter).

Figure 35: How could our annual report be improved? (Question 35)



Base: all respondents who answered 'yes' at question 34 (47)

6. CONCLUSIONS AND RECOMMENDATIONS

6.1 Conclusions

Overall there is widespread agreement with Audit Scotland's views on how to take audit forward over the next five years. A wide range of suggestions were made on ways to develop and deliver audit services and these relate mainly to the style of delivery rather than the nature of the services themselves. The key suggestions fall under four themes:

- engagement with clients and other stakeholders
- sharing good practice found in the public sector
- clarity in Audit Scotland's work
- reducing the burden of audit.

The main conclusions of the research are set out in this section under the three themes of the consultation.

The Changing Context of Scrutiny

Almost all respondents (96%) agreed with Audit Scotland's assessment of the context within which audit will be delivered over the next 5 years. A number of additional contextual issues were suggested, but they were not highly ranked among what respondents regard as being key governing factors.

Holding the Public Sector to Account and Helping it to Improve its Performance

Almost all respondents (98%) agreed that it is important for Audit Scotland to ensure the public sector is held to account for its financial and non financial performance, and that it should help the sector to improve its performance. However, many felt that it needs to place more emphasis on assisting improvement.

Almost all respondents agreed with the way Audit Scotland intends to develop national performance audits (96%) and a large majority agreed with its approach to the audit of best value across the public sector (80%). A large number of suggestions were made about ways of selecting national performance audits and on developing best value audit toolkits (these are referenced in Appendix 1 and Appendix 2).

A sizeable proportion (42%) believed Audit Scotland could improve its planning and delivery of the annual audits.

Maximising the Value of Audit Scotland Work

A large majority of respondents (81%) agreed with Audit Scotland's framework for measuring how audit will monitor accountability and improvement in the public sector.

A majority (58%) believed that the organisation could find more ways of supporting improvement and sharing good practice. This included promoting cross sectoral learnings and reporting examples of good and bad practice.

Almost all (91%) welcomed the new ways of reporting and communicating the findings of audit.

Almost half of the respondents did not think Audit Scotland could become more accountable in what it does without compromising its independence. Most believed existing arrangements are sufficient to ensure this balance was maintained.

There were mixed views on whether Audit Scotland could improve how it charges for audit, with well over a third (38%) being unsure. Suggestions for improvements focused on more transparency and reduction in charges.

Staff recruitment and retention, and staff understanding of the context of audit, were seen as key challenges in becoming a centre of excellence.

Views on How Audit Scotland Can Develop Audit in the Future

A very wide range of suggestions were made on how Audit Scotland can develop its services in the future. In giving their views on specific topics, a number of recurring topics were raised in relation to the way Audit Scotland can refine its approach to audit. These related mainly to the way that audit is delivered, rather than to the services themselves. The themes and attributes are summarised as follows:

- Working with clients/stakeholders/other scrutiny bodies:
 - collaboration with other scrutiny bodies
 - understanding context for audit
 - engaging to support change with client
 - helping to rationalise joint delivery of services by organisations
 - more public engagement
- Sharing good practice:
 - report more examples of good and bad practice
 - sharing findings/best practice
 - cross sectoral/generic learnings
 - learning good auditing practice
 - regular meetings, seminars, briefings, focus groups
- Clarity:
 - provide clear guidance on requirements
 - need clear guidance when introducing new regimes
 - consistency in approach between clients
 - clearer / more transparent /more comprehensive charges
- Burden of scrutiny:
 - time commitment
 - costs/ justifying costs
 - more supportive vs. less involvement.

6.2 Recommendations

The findings suggest that Audit Scotland should consider a number of actions in response to the views expressed by respondents in the consultation. These include:

- showing how it intends to create a balance between holding the public sector to account and helping it to improve its performance
- working in partnership with clients and other scrutiny bodies to support and guide improvement in public sector performance in so far as this does not affect Audit Scotland's independence
- sharing as widely as possible lessons from audit on good practice to promote improvement in public sector service delivery, including cross sectoral learnings and sharing examples of both good and bad practice
- ensuring clients understand what is required of them under new audit regimes
- reviewing the criteria suggested to guide selection of national performance audits and developing the best value toolkits
- improving the timing of audit and reducing the level of audit required
- disseminating information, learnings and promote partnerships through personal contact particularly through meeting and seminars
- making charges for audit more transparent
- ensuring the organisation can recruit, retain and provide the necessary skills needed to become a centre of audit excellence.

APPENDIX A

Consultation Form

**AUDIT SCOTLAND - CORPORATE PRIORITIES 2008 - 2013
CONSULTATION PAPER
JULY 2008**

If, when you are reading the consultation, you decide that you would like to consult with colleagues to prepare a response, please do not forward this online response form to them to gather their views, as only one person at a time can enter details into it. We do, however, have a Word version of the consultation document which you can circulate to colleagues. If you would like a copy, please contact Accent's project manager **Seán Brennan** by emailing him at sean.brennan@accent-mr.com or calling him on **0131 220 2550**.

Introduction

Audit Scotland provides services to the Auditor General and the Accounts Commission. Our aspiration is that Audit Scotland becomes a centre of excellence for public audit, and through our work for the Accounts Commission and the Auditor General, continues to support accountability and improved performance across the public sector.

One of the fundamental principles of public audit is that it is independent – both of government and of the bodies that we audit. However we must still work effectively within the overall system of governance and accountability, ensuring that our work is relevant to government and service providers.

This consultation focuses on what we think are likely to be key issues for public audit in the coming years, and seeks your thoughts on how the role of audit should evolve and respond to the challenges ahead. Audit Scotland's new corporate plan will be published in November along with the findings of this research.

Through this consultation process we hope to ensure that our work adds value and responds appropriately to the dynamic public sector context in which we are operating.

On behalf of Audit Scotland, thank you for your help.

Robert W Black
Auditor General

John Baillie
Chair of the Accounts Commission
and Audit Scotland Board

Process

This consultation comprises three sections each of which offers some background and observations followed by questions. The three sections are:

- the changing context of public sector scrutiny
- holding to account and helping to improve
- maximising the value of our work

You may wish to comment on issues that we haven't raised or identified. All comments are welcome.

This research is being conducted by Accent, a research consultancy, on behalf of Audit Scotland under The Market Research Society Code of Conduct and the requirements of The Data Protection Act. You do not have to answer questions you do not wish to and you can stop at any point. The information you give will remain confidential to Accent unless you give your consent at the end of the questionnaire to pass on anonymised responses to the Audit Scotland. They would only be seen by those directly concerned with the consultation and only used to inform how Audit Scotland delivers audit.

How to complete this questionnaire

You do not need to complete your response all at once; you can stop and restart at any time by clicking on the link in the covering email. The screen will open up again where you left off. We estimate that the consultation should take around 25 minutes to complete.

IMPORTANT: When you answer a question, you will press the “**NEXT**” button to save your response and go forward. If you do need to log out before completing your response, please be sure to press the “**NEXT**” button before exiting, so that your last answer is saved. This is particularly important if you are writing a text response otherwise this will not be saved. When you go back into the website, please press the “**PREVIOUS**” button to go back to the page where you left off.

If you have any questions about completing your response, please phone the project manager **Seán Brennan** on **0131 220 2550** or email sean.brennan@accent-mr.com.

SECTION 1: THE CHANGING CONTEXT OF PUBLIC SECTOR SCRUTINY

Audit Scotland's priorities for 2008-13 are being reviewed at a time of significant change in Scotland's public sector landscape. Our view is that the strategic context in which we will deliver audit over the next five years will, we believe, be shaped by ten key issues:

High standards A background of generally high – and improving – standards of corporate governance, financial management and control in the Scottish public sector.

Pressure on public spending: Growing commitments and aspirations for better public services alongside increasing cost pressures. Affordability and sustainability will be central to decision making and the search for economy, efficiency and effectiveness across the public sector will be even more important.

Extending Best Value: The extension of best value principles across the public sector and the ongoing development of best value in local government.

More efficient working: Emphasis on more efficient working within and across existing structures, especially partnerships, rather than seeking radical structural change to try to deliver efficiencies and better services. This will have particular implications for local authorities, given their leading role in Community Planning and partnership working.

New performance reporting frameworks: these will continue to develop across all sectors, at national level, for example Scotland Performs, and at local level to support the delivery of Best Value and Single Outcome Agreements.

The removal of ring-fenced funding for local government: This will increase the emphasis on robust performance reporting on the accessibility, quality and value for money of key services, and will mean authorities must demonstrate the delivery of agreed outcomes.

Service delivery arrangements: More use of service delivery arrangements at arms length from the audited bodies themselves, especially in local government.

The need to deliver more efficient and effective scrutiny and accountability: This will be mainly through the integration of the work of scrutiny bodies in all sectors including the Accounts Commission's interim role in facilitating integrated scrutiny of local government.

Greater focus on environmental sustainability.

Greater focus on equality and diversity.

Q1. **ALL TO ANSWER** Have we captured the key issues facing the public sector over the next five years?

PLEASE CLICK ON ONE RESPONSE ONLY

1. All
2. Most
3. Some
4. None

Q2. PLEASE ANSWER IF Q1 = 2 (MOST), 3 (SOME) OR 4 (NONE), ELSE GO TO Q3:

What other issues do you think will be important in shaping the strategic context in which Audit Scotland delivers audit over the next five years and why? If there is more than one issue, please describe each issue separately in each of the boxes below and on the next screen if necessary (**IF YOU NEED TO LOOK AT THE ISSUES DESCRIBED IN THE INTRODUCTION, PLEASE PRESS PREVIOUS UNTIL YOU REACH THE SCREEN**)

Additional Issue 1: Please describe here
PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

Additional Issue 2: Please describe here
PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

Additional Issue 3 Please describe here
PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

Additional Issue 4: Please describe here
PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

Q3. ALL TO ANSWER Looking at all of the issues described above, please can you tell us which are the **THREE** most important? **PLEASE CLICK ON THREE ISSUES ONLY**

1. High standards
2. Pressure on public spending
3. Extending best value
4. More efficient working
5. New performance reporting frameworks
6. Removal of ring fenced funding in local government
7. Service delivery arrangements
8. More efficient and effective scrutiny
9. Greater focus on environmental sustainability.
10. Greater focus on equality and diversity.
11. Additional Issue 1
12. Additional Issue 2
13. Additional Issue 3
14. Additional Issue 4
15. all issues are equally important

SECTION 2: HOLDING TO ACCOUNT AND HELPING TO IMPROVE

2a The Purpose of Audit

Audit Scotland has two main objectives:

- Holding public bodies to account
- Helping public bodies to improve.

We deliver three strands of work to support our objectives:

- The annual financial audit
- Performance audit
- Best value audit.

Q4. **ALL TO ANSWER** Is it important that public audit supports both accountability and improvement?

PLEASE CLICK ON ONE ANSWER ONLY

1. Yes
2. No

Q5. **ALL TO ANSWER** Why do you say that?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

Q6. **ALL TO ANSWER** Have we got the balance right between holding public bodies to account and helping them to improve?

PLEASE CLICK ON ONE ANSWER ONLY

1. Yes
2. No
3. Unsure

Q7. **PLEASE ANSWER IF Q6 = 2 (NO) OR 3 (UNSURE), ELSE GO TO 2B INTRODUCTION 'THE ANNUAL AUDIT'** What do we need to do to improve the balance between accountability and improvement in public bodies?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

2b The Annual Audit

The Auditor General and the Accounts Commission appoint Audit Scotland staff and private sector firms of accountants as the external auditors to some 200 public bodies in Scotland. The annual audit process is one of the fundamental building blocks of assurance and accountability for the use of public funds.

All auditors follow the Code of Audit Practice which requires them to comply with recognised professional standards, but they are still able to tailor the annual audit to reflect the local risks and priorities. This allows work to be directed towards areas that will add value locally.

During the next few years most public bodies will change the basis of their accounts from UK GAAP to International Financial Reporting Standards (IFRS). This will involve

significant changes in accounting for many items including: PFI/PPP contracts; property leases; financial instruments and guarantees.

Key issues for Audit Scotland over the next five years will be to maintain the quality of audit during the transition to the new Standards as this will involve auditing shadow IFRS accounts as well as the existing accounts.

Q8. **ALL TO ANSWER** Can we improve the planning and delivery of the annual audit further?

PLEASE CLICK ON ONE ANSWER ONLY

1. Yes
2. No
3. Unsure

Q9. **PLEASE ANSWER IF Q8 = 1 (YES) OR (3) UNSURE ELSE GO TO Q10** How could we improve the planning and delivery of the annual audit further?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

Q10. **ALL TO ANSWER** What should Audit Scotland do to support a smooth transition to the new accounting standards?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

2c National Programme of Performance Audits

Audit Scotland examines the use of resources and analyses performance. Our national programme of performance audits for the Auditor General helps the Scottish Parliament to hold public bodies to account and encourage improvement. Our similar programme for the Accounts Commission helps them to fulfil this role in relation to local government.

In developing our programme of performance audits, we try to reflect current trends and issues in the public sector and we consult widely on potential topics for examination. We have identified the following broad themes to guide the direction and selection of our forthcoming programme of performance audits and are currently consulting on these separately:

- effectiveness in delivering the Scottish Government's strategic outcome objectives
- delivery of national policies in a local context
- the challenge of partnership working across the public sector at a local level
- the need for information about what aspects of public sector reform are making an impact (shared services, innovative working, benchmarking)
- analysing the use of resources and performance management of arms-length delivery organisations
- examining efficiency
- the importance of financial sustainability
- demonstrating environmental sustainability
- shifting attention to outcomes and the impact on service users and citizens

- the importance of leadership and workforce issues, including supply and capacity
- assessing the impact of recent legislation and policy initiatives in terms of what they were intended to achieve and how they are working.

Q11. ALL TO ANSWER Do the proposed themes for guiding and selecting our national performance audits seem appropriate?

PLEASE CLICK ON ONE ANSWER ONLY

1. Completely
2. Mostly
3. Partially
4. Not at all
5. Unsure

Q12. PLEASE ANSWER IF Q11 = 2 (MOSTLY), 3 (PARTIALLY), 4 (NOT AT ALL) OR 5 (UNSURE), ELSE GO TO Q13 What changes would you like to see to these themes?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

Q13. ALL TO ANSWER Of the themes described above, which **THREE** are the most important?"

PLEASE CLICK ON THREE THEMES ONLY

1. Effectiveness in delivering the Scottish Government's strategic outcome objectives
2. Delivery of national policies in a local context
3. The challenge of partnership working across the public sector at a local level
4. The need for information about what aspects of public sector reform are making an impact (shared services, innovative working, benchmarking)
5. Analysing the use of resources and performance management of arms-length delivery organisations
6. Examining efficiency
7. The importance of financial sustainability
8. Demonstrating environmental sustainability
9. Shifting attention to outcomes and the impact on service users and citizens
10. The importance of leadership and workforce issues, including supply and capacity
11. Assessing the impact of recent legislation and policy initiatives in terms of what they were intended to achieve and how they are working.

2d Best Value

The Scottish Government expects best value duties to apply across the public sector and Audit Scotland must apply the audit of Best Value in ways that reflect the different accountability regimes in, for example, the health service compared with local government. The Best Value audit regime is now well established in the local government sector and it has helped to strengthen accountability and act as a catalyst for improvement in this sector.

We are committed to ensuring that best value auditing across the public sector is proportionate and risk based, with an emphasis on self assessment by public bodies. It will report on the delivery of outcomes as well as outputs and relate this performance to the use of resources. It will attempt to look at the experience of citizens and service users. This will involve us working closely with other scrutiny bodies across sectors to ensure that public bodies experience well-co-ordinated and streamlined scrutiny.

Audit Scotland's approach to best value auditing over the next few years will have several strands. We are progressively developing a series of best value audit toolkits. An early priority is an audit toolkit for the "use of resources" theme. Other priority areas - drawn from the best value principles - will include partnership working and the effectiveness of joint working, performance management, governance and risk management, including accountability and public performance reporting, sustainability and equalities. Our work in local government is further developing through BV2, and we are considering new approaches to self assessment, support for improvement and peer involvement.

Q14. ALL TO ANSWER Do you agree that this is the right approach to the audit of Best Value across the public sector?

PLEASE CLICK ON ONE ANSWER ONLY

1. Yes
2. No
3. Unsure

Q15. PLEASE ANSWER IF Q14 = 2 (NO) OR 3 (UNSURE), ELSE GO TO Q16 Please can you say why you **IF Q14 = 2 SAY 'do not agree' IF Q14 = 3 SAY 'are unsure'?**

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

Q16. ALL TO ANSWER Are the priority areas for developing the audit toolkits the right ones?

PLEASE CLICK ON ONE ANSWER ONLY

1. Completely
2. Mostly
3. Partially
4. Not at all
5. Unsure

Q17. PLEASE ANSWER IF Q16 = 2 (MOSTLY), 3 (PARTIALLY), 4 (NOT AT ALL) OR 5 (UNSURE) ELSE GO TO THE INTRODUCTION OF SECTION 3A "MAXIMISING THE VALE OF OUT WORK" Please can you say why you think we need to revise these priority areas for developing the audit toolkits?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

Q18. PLEASE ANSWER IF Q16 = 2 (MOSTLY), 3 (PARTIALLY), 4 (NOT AT ALL) OR 5 (UNSURE), ELSE GO TO THE INTRODUCTION OF SECTION 3A "MAXIMISING THE VALE OF OUT WORK" What other priorities would you include?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

SECTION 3: MAXIMISING THE VALUE OF OUR WORK

3a Measuring Impact

Measuring the impact of audit is complex and difficult. Audit has a wide range of impacts, from providing assurance, through to identifying scope for improvement in quality and efficiency. Although audit can identify the potential for improvement in public services, in most cases, improvement will only be achieved if public bodies make changes to how they do their work.

We plan to use for the following four categories for identifying the impact we expect our work to have and reviewing what it has achieved in practice:

- providing assurance and promoting accountability for performance
- improving planning and management
- improving economy and efficiency
- improving effectiveness and quality.

Q19. **ALL TO ANSWER** Do these categories provide a useful framework for measuring the impact of audit?

PLEASE CLICK ON ONE ANSWER ONLY

1. Yes
2. No
3. Unsure

Q20. **PLEASE ANSWER IF Q19 = 2 (NO) OR 3 (UNSURE), ELSE GO TO Q21** What other criteria should we use to measure the impact of audit?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

Q21. **ALL TO ANSWER** Are we having an impact across all four areas (ie assurance and accountability, improved planning and management, improved economy and efficiency, improved effectiveness and quality)?

PLEASE CLICK ON ONE ANSWER ONLY

1. Yes
2. No
3. Unsure

Q22. **PLEASE ANSWER IF Q21 = 2 (NO) OR 3 (UNSURE), ELSE GO TO SECTION 3B INTRODUCTION "SHARING GOOD PRACTICE"**

In which areas could we make more of an impact through our audit work?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

3b Sharing Good Practice and Supporting Improvement

As auditors of the whole of the Scottish public sector we are in a unique and privileged position. Our local and national audits already play an important part in supporting improvement across the public sector, but we can do more to share the good practices that we identify.

We are committed to strengthening our arrangements for supporting improvement and sharing good practice through:

- improving our systems for capturing and sharing examples of good practice
- working with improvement agencies in the local government and NHS sectors.

Q23. ALL TO ANSWER Are there other ways in which we can support improvement and share good practice?

PLEASE CLICK ON ONE ANSWER ONLY

1. Yes
2. No
3. Unsure

Q24. PLEASE ANSWER IF Q23 = 1 (YES) OR 3 (UNSURE) ELSE GO TO SECTION 3C INTRODUCTION 'COMMUNICATING MORE EFFECTIVELY' What else should we do to support improvement and share good practice?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

3c Communicating More Effectively

Feedback on our performance audit and Best Value audit reports indicates that they are valued by the parliament's Audit Committee and by audited bodies. However, not all readers think they are user-friendly.

We are committed to improving the way we communicate the findings of our work and are planning a range of developments such as:

- producing short summaries of the key findings from our performance audits
- preparing summaries of Best Value audit findings for local people
- providing advice to public bodies on issues that arise from the national performance audits
- making greater use of our website to provide more detailed analysis and information relating to our published reports
- running seminars and events to discuss our findings
- taking part in conferences.

Our most recent survey of public bodies indicates high levels of satisfaction with the quality of the annual audit and its impact however a number of respondents identified the need for improvements in some aspects of consultation and communication.

Q25. **ALL TO ANSWER** Will these new ways of reporting and communicating our findings be welcome?

PLEASE CLICK ON ONE ANSWER ONLY

1. Yes
2. No
3. Unsure

Q26. **ALL TO ANSWER** What else could we do to improve the way we communicate the findings of our national performance audits and Best Value work?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

Q27. **ALL TO ANSWER** What can we do to improve communication and engagement between auditors and their clients at local level?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

3d Becoming a Centre of Excellence in Audit

We want Audit Scotland to remain an excellent place to work, where staff have a reputation for professionalism and expertise, are focused on quality, and have pride in what they do. We aspire to become a centre of excellence for auditing and performance reporting. We will do this by:

- ensuring that our staff have the professional and technical skills to deliver their work, and that we support their development as effective managers and team members
- running a graduate training scheme with the Chartered Institute for Public Finance and Accounting to ensure not only that we have a steady flow of highly skilled auditors to work with us, but so that we contribute to the training and development of finance professionals who can work across the public sector
- developing ways of sharing our technical expertise more easily with clients, without compromising our independence
- continuing our programme of international audit activity to learn from other countries and share our experience and expertise.

Q28. **ALL TO ANSWER** What do you think are the key challenges for us in trying to become a centre of excellence in audit?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

3e Fees and Charges

Audit Scotland may impose reasonable charges for specified parts of its work. At present local government pays for all audit work while central government and further education colleges only pay for the annual financial audit work. NHS bodies pay for the financial audit and some of the performance audit work. Our remaining resources are provided by Parliament.

In setting charges, Audit Scotland tries to ensure that it operates efficiently and effectively while maintaining required professional standards and meeting the expectations of stakeholders.

Key principles underlying the fee strategy include:

- that there should be a mixed market of provision involving Audit Scotland teams and private audit firms
- that audited bodies should pay the same fee whether they are audited by a firm or by an Audit Scotland team
- that travel costs for audits are pooled to ensure that audit fees are not unduly affected by the location of the appointed auditor.

Q29. **ALL TO ANSWER** Can Audit Scotland improve its charging arrangements in any way?

PLEASE CLICK ON ONE ANSWER ONLY

1. Yes
2. No
3. Unsure

Q30. **PLEASE ANSWER IF Q29 = 1 (YES) OR 3 (UNSURE), ELSE GO TO SECTION 3F INTRODUCTION** What improvements could Audit Scotland make in its charging arrangements?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

3f Independence and Accountability

Audit Scotland is held to account through a number of governance processes:

- we have a board of five members, including three non-executives
- we are held to account by the Scottish Commission for Public Audit (SCPA) which considers our budget and our accounts, reviews our performance, and makes reports to the Finance Committee on our resource needs
- our auditors are appointed by the SCPA and have no other business relationship with us
- we publish an annual report and accounts.

Q31. **ALL TO ANSWER** Could we improve our accountability without compromising our independence?

PLEASE CLICK ON ONE ANSWER ONLY

1. Yes
2. No
3. Unsure

Q32. **ALL TO ANSWER** Why do you say that?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

Q33. **ALL TO ANSWER** What key information should we publish about the cost and quality of our work?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

Q34. **ALL TO ANSWER** Have you read our annual report 2007-08?

PLEASE CLICK ON ONE ANSWER ONLY

1. Yes
2. No
3. Unsure

Q35. **PLEASE ANSWER IF Q34 = 1 (YES), ELSE GO TO Q36** How could it be improved?

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

Q36. **ALL TO ANSWER** Do you have any further comments you would like to add about any aspect of the topics discussed in this consultation?

PLEASE CLICK ON ONE ANSWER ONLY

1. Yes
2. No

Q37. **ANSWER IF Q36 = 1 (YES) ELSE GO TO INTRODUCTION TO THE "ABOUT YOU" SECTION**

Additional comments

PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

ABOUT YOU

We would like to ask you some questions to help us categorise the responses we receive

Q38. **DUMMY QUESTION ROUTE USING TYPE OF SAMPLE**

1. if stakeholder/client sample **GO TO Q39**
2. if staff sample **GO TO Q42**

Q39. PLEASE ANSWER IF Q38 = 1 (STAKEHOLDER/CLIENT SAMPLE) ELSE GO TO Q42

When analysing the results of this research, we would like to draw comparisons with between different types of organisations. For this purpose, please can you choose below the answer which best describes the function of your organisation?

SINGLE CODE ONLY

PLEASE CLICK ON ONE ANSWER ONLY

1. Accounts Commission
2. Audit Firm
3. Audit or Inspection Agency
4. Equality/Diversity Promotion
5. Fire and Police Services
6. Further Education College
7. Health Board
8. Other health related organisation
9. Local Authority
10. Other local authority related organisation
11. Professional Body/Association
12. Joint Board
13. MP
14. MSP
15. Scottish Government: Civil Service
16. Scottish Government: Agency/NDPB.
17. Other (**PLEASE SPECIFY BELOW**)

CONSENT TO USE INFORMATION PROVIDED

Q40. PLEASE ANSWER IF Q38 = 1 (STAKEHOLDER/CLIENT SAMPLE) GO TO Q42.

This research is being conducted under The Market Research Society Code of Conduct and the requirements of The Data Protection Act.

To help analyse the consultation, we would like to share anonymised responses with Audit Scotland. They would only be seen by those directly concerned with the consultation and only used to inform how Audit Scotland delivers audit. Your name and the name of your organisation will remain confidential to Accent. The only identifier would be the function of your organisation (in your case “**INSERT RESPONSE TO Q39 IN INVERTED COMMAS**” eg “Local Authority”)

Would you be happy for Accent to share your responses with Audit Scotland in this way?

PLEASE CLICK ON ONE ANSWER ONLY

1. yes, please pass on my responses, indicating that they came from **IF Q39 = 1 OR 5 OR 15 OR 16 INSERT “THE” IF Q39 = 6 OR 7 OR 9 OR 11 OR 12 INSERT “A”, IF Q39 = 2 OR 3 OR 13 OR 14 INSERT “AN”, IF Q39 = 4 OR 8 OR 10 INSERT NOTHING, IF Q39 = 17 INSERT “ANOTHER TYPE OF ORGANISATION”**
2. yes, please pass on my responses completely anonymously
5. no, please do not pass on my responses.

Q41. PLEASE ANSWER IF Q38 = 1 (STAKEHOLDER/CLIENT SAMPLE) Audit Scotland plan to publish a summary of the key messages from this research and use the responses to inform their Corporate Strategy which will be published in November 2008. It would be very valuable if we could include anonymised quotes from responses received to illustrate key findings and to show how Audit Scotland have responded to issues. The quotes would only be attributed to the type of organisation that made them and not to named individuals or named organisations. Are you willing to let Audit Scotland use your responses for this purpose?

1. yes, you can use my responses for this purpose, indicating that they came from **IF Q39 = 1 OR 5 OR 15 OR 16 INSERT "THE" IF Q39 = 6 OR 7 OR 9 OR 11 OR 12 INSERT "A", IF Q39 = 2 OR 3 OR 13 OR 14 INSERT "AN", IF Q39 = 4 OR 8 OR 10 INSERT NOTHING, IF Q39 = 17 INSERT "ANOTHER TYPE OF ORGANISATION"**
2. yes, you can use my responses for this purpose but they must be completely anonymous
3. no, you cannot use my responses for this purpose.

NOW GO TO Q48

Q42. PLEASE ANSWER IF Q38 = 2 (STAFF SAMPLE) ELSE GO TO Q48 This research is being conducted under The Market Research Society Code of Conduct and the requirements of The Data Protection Act. Your name will remain confidential to Accent. It would, however, be of value to the Audit Scotland project team to see individual anonymised responses to help analyse the research findings. Your data would only be used to inform strategic priorities and the Corporate Plan and would only be seen by those directly concerned with the consultation.

Would you be happy for Accent to pass on your anonymised responses in this way?

1. yes
2. no

Q43. ANSWER ONLY IF Q38 = 2 (STAFF SAMPLE), ELSE GO TO Q48

Audit Scotland would like to analyse responses at a high level based on directorate, location and grade. You do not have to provide this information about yourself, but if you do, your name will not be linked to any response you give. The data on directorate, location and grade will be not cross referenced and all results will be presented in group format only. You will not, therefore, be identified. This is in accordance with the terms of the Data Protection Act and Market Research Society Code of Conduct.

What is your current grade?

PLEASE CLICK ON ONE ANSWER ONLY

1. Grade A
2. Grade B
3. Grade C
4. Grade D
5. Grade E
6. Grade F
7. Grade G
8. Fixed-point salary grade
9. Prefer not to answer

Q44. ANSWER ONLY IF Q38 = 2 (STAFF SAMPLE), ELSE GO TO Q48

Which directorate do you work in?

PLEASE CLICK ON ONE ANSWER ONLY

1. Audit Services
2. Performance Reporting Group
3. Audit Strategy
4. Corporate Services
5. prefer not to answer

Q45. ANSWER ONLY IF Q38 = 2 (STAFF SAMPLE), ELSE GO TO Q46 IF RECEIVED LETTER INVITATION OR Q48 IF RECEIVED EMAIL INVITATION

Which office is your base location?

PLEASE CLICK ON ONE ANSWER ONLY

1. Aberdeen
2. Inverness
3. East Kilbride
4. Edinburgh George Street
5. Edinburgh Osborne House
6. prefer not to answer

Q46. ANSWER IF RECEIVED LETTER INVITATION (EXCLUDING HEALTH BOARD CHAIRS)

We invited you to participate in this consultation via letter as we do not have an email address for you. Would you be willing to provide us with one and to pass it on to Audit Scotland so that they can update their records? The email address may be used in the future for communications not connected with this research project

1. yes **GO TO Q47**
2. no **GO TO Q48**

Q47. ANSWER IF Q47 = 1 (YES) ELSE GO TO Q48
PLEASE CLICK INSIDE THE BOX AND TYPE YOUR RESPONSE

.....

Q48. ALL TO ANSWER If Audit Scotland want to discuss any of the issues raised in your response directly, are you willing to let Accent to pass on your contact details to Audit Scotland and for them to contact you? We would of course seek your permission before doing so.
PLEASE CLICK ON ONE ANSWER ONLY

1. yes
2. no

Q49. ALL TO ANSWER If Audit Scotland ask Accent to conduct further follow up research in relation to this topic, are you happy for us to contact you again in the future?
PLEASE CLICK ON ONE ANSWER ONLY

1. yes
2. no

Thank you for taking time to consider these issues and for sharing your views with Audit Scotland. The feedback from this consultation will be used to inform their strategic priorities and Corporate Plan.

APPENDIX B

Changes Suggested to the Themes Used for Guiding
and Selecting the National Performance Audits

Q12: What changes would you like to see to the themes used for guiding and selecting our national performance audits?”

1. Consideration of Public Value
2. Clarity and consistency of policy framework for service delivery?
3. Powers to drive performance improvements
4. Capacity to detect and report fraudulent or corrupt behaviour
5. Reducing the burden of scrutiny
6. Assessment of the impact of reforms arising from the Crerar review
7. Level of engagement with customers/community in delivering services
8. Spending on key services following removal of ring fenced budgets
9. Effectiveness of local performance improvement frameworks
10. Methodology to indentify and manage risk
11. Effective governance
12. Challenges to minority administrations
13. Equality/diversity issues
14. Impact of different tiers of government on effective service delivery
15. Levels of staff morale, cause and implications for service delivery
16. AS avoiding duplication of effort with other scrutiny bodies
17. Difficulties in monitoring performance
18. Service delivery in remote rural areas
19. Quality of services delivered
20. Public sector pension schemes

APPENDIX C

Other Priorities Suggested to Developing Audit Toolkits

Q18 “What other priorities would you include for developing the audit toolkits?”

1. Value for money of council services provided
2. Workforce planning and management
3. Pensions
4. Treasury management
5. Service quality/customer satisfaction
6. Shorter BV audit timescales
7. Audit of joint working and pressure on all partners
8. Reducing burden of BV audits by having fewer
10. Whole chain value analysis
11. Financial sustainability
12. Stronger focus on risk
13. Resource analysis of the time for self assessment
14. More emphasis on outcomes agenda
15. More focus on public reporting
16. Strategic direction
17. Leadership
18. Pilot concept of public value
19. Common accountability regimes for joined up service delivery
20. Best value in a rural context
21. Full cost recovery
22. Rationalisation of bodies delivering services

