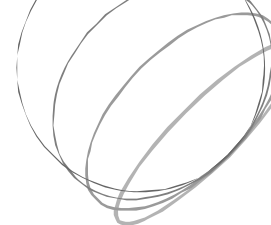


Equality Impact Assessment in Audit Scotland

Procurement of Audits



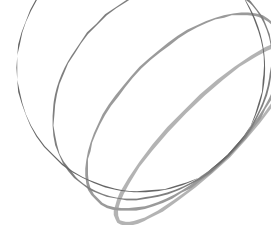
Audit Scotland Equality Impact Assessment

Policy Title ¹	Procurement of audits
Strategic Outcome	To provide the AGS and Commission with high quality cost effective auditors (firms)
Directorate	Audit Strategy
We have completed the equality impact assessment for this policy. (delete as appropriate)	Name: David Beveridge Position: Senior Manager Date: 08/03/2011
Approval by Director on behalf of Business Group Management Team	Name: Russell AJ Frith Position: Director Date: 16/03/2011
Sign off by the Diversity & Equality Steering Group (DESG) Chair on behalf of the DESG members	Name: Angela Canning Date: 28 March 2011

Once the EQIA documentation has been completed and signed off arrangements will be made by the Diversity & Equality Steering Group and communications team to publish the EqIA on Audit Scotland's website.

¹ Throughout this documentation we use the word **POLICY** to mean any activity, function, strategy, programme, service or process which is being considered for Impact Assessment.

Step 1: Define the aims of the policy



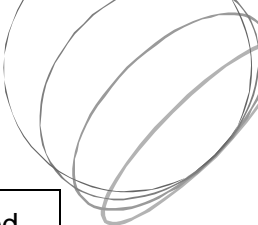
Title of policy	Procurement of audits
Strategic Outcome	To provide the AGS and Commission with high quality cost effective auditors (firms)
Directorate	Audit Strategy

What is the purpose of the proposed policy (or changes to be made to the policy)?	To procure high quality audit services from a number of private firms through a competitive tender process that complies with EU legislation. In practice the process results in recommendations to the AGS and the Commission who have the statutory duty to make the audit appointments.
Who is affected by the policy or who is intended to benefit from the proposed policy and how?	1 The AGS and the Commission. 2 The appointed firms and their staff. 3 The audited bodies.
How have you, or will you, put the policy into practice, and who is or will be responsible for delivering it?	The tender process will be carried out mainly by Dave Beveridge under the direction of Russell Frith, although staff from an independent Group will have a role in the evaluation process.
How does the policy fit into our wider or related policy initiatives?	It is the shared policy of the AGS and the Commission that a proportion of audit work is undertaken by private firms (as opposed to staff in ASG). Currently, the proportion is around 40% - and no material change is expected for the next set of audit appointments (2011/12 – 2015/16).
Do you have a set budget for this work?	The tender process is undertaken from the existing Audit Strategy staff budget. Payments to the successful firms (based on current appointments) are between £6m and £7m per annum (incl VAT). The appointments will be for five years.

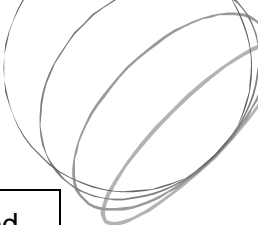
Step 2: What do you already know about the diverse needs and/or experiences of your target audience?

Do you have information on				
Age	Yes	✓	No	
Disability	Yes	✓	No	
Gender	Yes	✓	No	
Lesbian, Gay, Bisexual & Transgender	Yes	✓	No	
Race	Yes	✓	No	
Religion and Belief	Yes	✓	No	

	Primary group – Firms' Staff	Secondary group – staff of audited bodies										
Age	<p>Evidence:</p> <p>We do not currently collect any equalities information from the firms, either in the form of staff working on public audit, or staff employed by the firm as a whole.</p> <p>Some of the bigger firms have equalities statements (or equivalent) on their websites, but these do not include employee statistics.</p> <p>Consultation – not applicable as we cannot assume who will deliver the audits. We may speculate but we will not know who these firms are until tenders are received and evaluated.</p>	<p>Evidence:</p> <p>The wide number of audited bodies makes it impractical to obtain information from each body. As such, the working age population of Scotland will be used as a proxy for the relevant statistics.</p> <p>People in employment in Scotland (08/09):</p> <table><tr><td>Age</td><td>16-25</td><td>25-34</td><td>35-49</td><td>50+</td></tr><tr><td>%</td><td>15.2</td><td>20.9</td><td>39.2</td><td>24.6</td></tr></table> <p>(Annual Population Survey July 2008 – June 2009, ONS)</p> <p>Audit Strategy is the business group that receives any complaints by audited bodies, and none have been received related to age. In addition, the biennial audit quality surveys include space for free remarks and none have referred to age discrimination.</p> <p>Consultation – N/A</p>	Age	16-25	25-34	35-49	50+	%	15.2	20.9	39.2	24.6
Age	16-25	25-34	35-49	50+								
%	15.2	20.9	39.2	24.6								



	Primary group – Firms' Staff	Secondary group – staff of audited bodies
Disability	<p>Evidence:</p> <p>We do not currently collect any equalities information from the firms, either in the form of staff working on public audit, or staff employed by the firm as a whole.</p> <p>Some of the bigger firms have equalities statements (or equivalent) on their websites, but these do not include employee statistics.</p> <p>Consultation – N/A</p>	<p>Evidence:</p> <p>Estimates for the Scottish public sector are not available without undue work; therefore the national figures will be used as a proxy:</p> <p>Scotland is estimated to have 1 million disabled adults likely to be covered by the Disability Discrimination Act - about 20% of the population (<i>Disability in Scotland 2004, The Disability Rights Commission</i>).</p> <p>No complaints or relevant issues have been brought to our attention.</p> <p>Consultation/Involvement – N/A</p>
Gender	<p>Evidence:</p> <p>We do not currently collect any equalities information from the firms, either in the form of staff working on public audit, or staff employed by the firm as a whole.</p> <p>Some of the bigger firms have equalities statements (or equivalent) on their websites, but these do not include employee statistics.</p> <p>Consultation – N/A</p>	<p>Evidence:</p> <p>Estimates for the Scottish public sector are not available without undue work; therefore the national figures will be used as a proxy:</p> <p>The level of people in employment by gender is 51.4% Male and 48.6% Female (<i>Annual Population Survey October 2007 – September 2008, ONS</i>).</p> <p>No complaints or relevant issues have been brought to our attention.</p> <p>Consultation – N/A</p>
Lesbian, Gay, Bisexual & Transgender	<p>Evidence:</p> <p>We do not currently collect any equalities information from the firms, either in the form of staff working on public audit, or staff employed by the firm as a whole.</p> <p>Some of the bigger firms have equalities statements (or equivalent) on their websites, but these do not include employee statistics.</p> <p>Consultation – N/A</p>	<p>Evidence:</p> <p>Estimates for the Scottish public sector are not available without undue work; therefore the national figures will be used as a proxy:</p> <p>There are estimated to be around 300,000 gay people in Scotland, 6% of the population (<i>Stonewall Scotland, 2009</i>)</p> <p>No complaints have been received; therefore no further action will be undertaken beyond continued monitoring.</p> <p>Consultation – N/A</p>



	Primary group – Firms' Staff	Secondary group – staff of audited bodies
Race	<p>Evidence:</p> <p>We do not currently collect any equalities information from the firms, either in the form of staff working on public audit, or staff employed by the firm as a whole.</p> <p>Some of the bigger firms have equalities statements (or equivalent) on their websites, but these do not include employee statistics.</p> <p>Consultation – N/A</p>	<p>Evidence:</p> <p>Estimates for the Scottish public sector are not available without undue work; therefore the national figures will be used as a proxy:</p> <p>The ethnicity of Scottish working age population is 96.6% White and 3.3% Minority ethnic.</p> <p>No complaints or relevant issues have been brought to our attention.</p> <p>Consultation – N/A</p>
Religion and Belief	<p>Evidence:</p> <p>We do not currently collect any equalities information from the firms, either in the form of staff working on public audit, or staff employed by the firm as a whole.</p> <p>Some of the bigger firms have equalities statements (or equivalent) on their websites, but these do not include employee statistics.</p> <p>Consultation – N/A</p>	<p>Evidence:</p> <p>Estimates for the Scottish public sector are not available without undue work; therefore the national figures will be used as a proxy:</p> <p>67% of the Scottish population report currently having a religion. 65% of people said that their religion was Christian, 42% Church of Scotland, 16% Roman Catholics and 7% Other Christian. After Christianity, Islam was the most common faith with 42,600 people in Scotland describing their religion as Muslim. (<i>GRO, 2001 Census</i>).</p> <p>No complaints or relevant issues have been brought to our attention.</p> <p>Consultation – N/A</p>

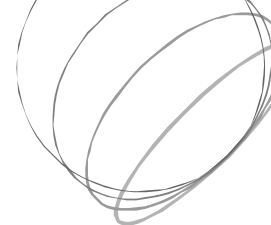
Step 3: Do you have enough information to help you understand the diverse needs and/or experiences of your target audience?

If not, what else do you need to know?

Age	Do you have enough information to proceed?	<u>Yes</u>	No
Disability	Do you have enough information to proceed?	<u>Yes</u>	No
Gender	Do you have enough information to proceed?	<u>Yes</u>	No
Lesbian, gay, bisexual and transgender	Do you have enough information to proceed?	<u>Yes</u>	No
Race	Do you have enough information to proceed?	<u>Yes</u>	No
Religion and Belief	Do you have enough information to proceed?	<u>Yes</u>	No

Step 4: What does the information you have tell you about how this policy might impact positively or negatively on the different groups within the target audience?

Age	<p>The policy does not affect any one group differently from any other.</p> <p>Positive impact can be achieved by ensuring that audit firms treat their staff equally and consider equalities when interacting with audited bodies, and encouraging audit firms to have in place appropriate equality policies.</p> <p>Negative impact might result if significant sums of public money are paid to employers who do not treat all staff equally, thereby implicitly supporting unequal treatment of staff. However we have no evidence of that in the firms currently engaged and, while we might speculate, we will not know which firms are to be engaged in future until after the tender process.</p>
Disability	
Gender	
Lesbian, Gay, Bisexual & Transgender	
Race	
Religion and Belief	



Step 5: Will you be making any changes to your policy?

Are there any changes?				
Age	Yes	✓	No	
Disability	Yes	✓	No	
Gender	Yes	✓	No	
Lesbian, Gay, Bisexual & Transgender	Yes	✓	No	
Race	Yes	✓	No	
Religion and Belief	Yes	✓	No	

We have reviewed the legal framework for EU tender exercises and concluded that the work that we are contracting (the provision of an audit, being an audit opinion and associated governance assessments) is **technical in nature**, and does not in itself have significant equalities impact. Therefore we have concluded that equalities considerations are not part of the 'subject matter of the contract.' This means that we could be challenged on legal grounds if we include an equalities assessment in the tender evaluation criteria of "most economically advantageous tender" (MEAT).

The public sector duty of Audit Scotland, as a public body, does not transfer to private firms carrying out work under audit appointments; the responsibility of Audit Scotland can be met by including specific work requirements (for example the use of the equalities BV toolkit) in future audit requirements during the new appointments.

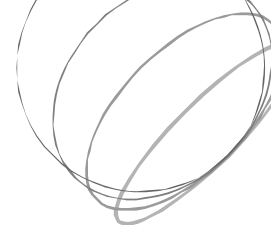
Nevertheless, we will **encourage** good equalities practices among the firms that are appointed. This will be done as part of the contractual responsibilities to comply with all relevant equalities legislation and post appointment by the use of encouragement towards good practice. We will require successful firms to submit their equalities policies for our consideration within six months of appointment.

In addition, as part of a firm's tender submission, we will ask for disclosure of any tribunal or court judgement imposed on the firm in the previous two years in relation to equality and diversity issues and, seek confirmation of the steps taken to prevent a recurrence.

Step 6: Does your policy provide the opportunity to promote equality of opportunity or good relations by altering the policy or working with others?

Age	Yes	✓	No	
Disability	Yes	✓	No	
Gender	Yes	✓	No	
Lesbian, Gay, Bisexual & Transgender	Yes	✓	No	
Race	Yes	✓	No	
Religion and Belief	Yes	✓	No	

Age	<p>The policy does not affect any one group differently from any other.</p> <p>Good equalities behaviour can be promoted by requiring firms to comply with relevant equalities legislation in their letter of appointment and by encouraging them through requiring submission of equality policies for our consideration.</p>
Disability	
Gender	
Lesbian, Gay, Bisexual & Transgender	
Race	
Religion and Belief	



Step 7: Based on the work you have done - rate the level of relevance of your policy

Tick one box for each strand

	Age	Disability	Gender	LGBT	Religion and belief	Race
High: <ul style="list-style-type: none">There is substantial evidence that people from different groups or communities are (or could be) differently affected by the policy (positively or negatively)There is substantial public concern about the policy, or concerns have been raised about the policy's potential impact by relevant bodiesThe policy is relevant to all or part of the respective general duty, in the case of race, disability and gender.						
Medium: <ul style="list-style-type: none">There is some evidence that people from different groups or communities are (or could be) differently affected (positively or negatively).There is some public concern about the policy.The policy is relevant to parts of the respective general duty, in the case of race, disability and gender.						
Low: <ul style="list-style-type: none">There is little or no evidence that some people from different groups or communities are (or could be) differently affected (positively or negatively).There is little or no evidence of public concern about the policy.The policy has little or no relevance to the respective general duty, in the case of race, disability and gender.	✓	✓	✓	✓	✓	✓
Unknown: <ul style="list-style-type: none">No evidence or data has been collected therefore an assessment cannot be made.						

Step 8: Is a further impact assessment required?

Age	Yes		No	✓
Disability	Yes		No	✓
Gender	Yes		No	✓
Lesbian, Gay, Bisexual & Transgender	Yes		No	✓
Race	Yes		No	✓
Religion and Belief	Yes		No	✓

If you have answered yes please explain why

N/A

If you have answered no please explain why

We have set out what is appropriate for this policy, having regard to the relevance of equalities to the subject matter of this tender (ie the delivery of high quality audits). However, there could be other significant business risks (associated with a legal challenge by tenderers) if we include equalities considerations as part of a 'MEAT' tender evaluation.

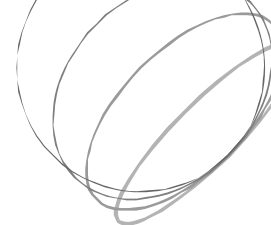
Step 9: Explain how you will monitor and evaluate this policy/function or strategy to measure progress?

Please explain how monitoring will be undertaken, when it will take place and who is responsible for undertaking it:

Monitoring will consist of obtaining firms' equality policies and their tacit acceptance of equalities conditions when they tender for appointments and, if successful, when they accept the offer of audit appointment. This will be done by Audit Strategy immediately following the award of appointments.

Audit Strategy will also monitor any complaints or comments by audited bodies that are relevant to firms' equalities behaviours, including as part of the surveys of audit service quality that are undertaken annually on a rotating sector basis. These surveys are undertaken for the relevant sector within two months of the completion of the annual audits.

Step 10: Summary of improvements, outcomes and impact



Please summarise in no more than 200 words the nature of the policy and main improvements, outcomes and impact as a result of this review - this will be published on Audit Scotland's web site and the full EqIA will be made available to interested parties if requested.

The 2011/12-2015/16 audit procurement exercise aims to procure high quality audit services from a number of private firms through a competitive tender process that complies with EU legislation. In practice the process results in recommendations to the AGS and the Commission who have the statutory duty to make the audit appointments.

The impact assessment has highlighted that the inclusion of equalities in this particular tender evaluation is likely to be inappropriate under legislation and therefore creates a risk of legal challenge to the tender awards. However, Audit Scotland's public sector duty can be met in other ways, for example by requiring that firms comply with relevant legislation as part of their appointment and encouraging the adoption of equalities policies in the, perhaps unlikely, event that they do not already exist. This will mitigate the risk of implicitly supporting unequal treatment that may be present if we were to employ firms with poor equality practices.

In addition, as part of a firm's tender submission, we will ask for disclosure of any tribunal or court judgements imposed on the firm in the previous two years in relation to equality and diversity issues and, seek confirmation of the steps taken to prevent a recurrence.

There is no evidence that firms' current policies or behaviours are inadequate, indeed they may be very good in the case of global and national firms – so the extent of improvement that may be achieved might be modest.