
Audit Scotland
**Annual
Report**

2011/12

Helping to improve by
holding to account





Our vision is to be a world-class audit organisation that improves the use of public money.



Who we are

Audit Scotland is a statutory body that carries out audits and investigations for the Auditor General for Scotland and the Accounts Commission.

The Auditor General for Scotland secures the audit of the Scottish Government and other public bodies in Scotland, except local authorities, and is independent of the Scottish Government and Scottish Parliament.

The Accounts Commission checks how well Scotland's councils, and fire and police boards perform. It operates independently of local and central government.

What we do

Our vision is to be a world-class audit organisation that improves the use of public money.

Our priority is 'Helping to improve by holding to account', and we aim to achieve this by:

- » carrying out relevant and timely audits of the way the public sector manages and spends money
- » reporting our findings and conclusions in public
- » identifying risks, making clear and relevant recommendations for improvement, and following these up.

Our stakeholders

- » The people in Scotland
- » The Scottish Parliament
- » The Scottish Government
- » All Scottish public organisations

Our resources

- » 255 whole-time equivalent staff as at 31 March 2012.
- » £18.7 million from audit fees and other income.
- » £6.8 million direct funding from the Scottish Parliament.
- » Nine private firms of accountants that carry out about half of the annual audits.

Our history

Audit Scotland was created in 2000 under the Public Finance and Accountability (Scotland) Act 2000. This followed devolution from Westminster to Scotland and the establishment of the Scottish Parliament in 1999.

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Highlights

2010/11 audit fees reduced by **5.5%**

100% of audits completed on time

211 final annual audit reports produced

cumulative impact of the National Fraud Initiative **£78million**

27 performance and Best Value audits published

delivered efficiency savings of **£3.3million**

718 separate reports produced for the 211 public bodies audited



Welcome

Chair's message

Welcome to our annual report for 2011/12.

Audit Scotland continues to take steps to improve its own performance and governance. We published our new corporate plan, setting out our vision and objectives for the next three years (see page 16). The Scottish Commission for Public Audit (SCPA) appointed our third non-executive board member, Katharine Bryan. And we hosted a visit from the SCPA to help its understanding of our work.

I was delighted to attend our staff conference in November and listen to external speakers and be able to talk with so many colleagues. The board and I are committed to responding to the issues and challenges staff have identified.

The conference gave Robert Black an opportunity to address Audit Scotland as a whole shortly after announcing his retirement. It is difficult to overstate Bob's impact as Scotland's first Auditor General. He brought calm authority and distinguished leadership to the post and established Audit Scotland as a respected and influential organisation. On behalf of all of us, I thank Bob for his significant contribution to public audit and wish him all the best for the future.

I also look forward to welcoming our new Auditor General, Caroline Gardner. Caroline has extensive experience in public audit and recently has gained experience of different perspectives of the external world.

Finally, I would like to thank our staff personally and on behalf of the board for their continued excellent work during what has been a challenging yet successful year.

Ronnie Cleland
Chair of Audit Scotland Board

Accountable Officer's report

With public services in Scotland facing great financial challenges, the need for independent and effective audit has never been more important. Resources are constrained but demands continue to increase, with growing public expectations, an ageing population, and pressures resulting from the economic recession.

In the past year, we have emphasised to public bodies the need to focus on long-term sustainability and delivery of best value. As well as holding public bodies to account, we have used our auditing expertise and knowledge to help safeguard and improve the standards of financial management and reporting and the quality of services.

The Scottish Government and the public sector are committed to partnership working to align priorities and break down barriers. The Accounts Commission and I have commissioned Audit Scotland to develop the approach to joint scrutiny of partnerships (see page 12).

Audit Scotland must also contribute to improved efficiency across the public sector. We set a target of cutting the cost of audit by at least 20 per cent between 2010/11 and 2014/15. This year we further reduced audit fees by 5.5 per cent. We did this while completing all our annual audits on time, and producing a wide range of reports on issues of current interest and concern.

We delivered £3.3 million of efficiency savings, against a target of £1.9 million. This was 12.5 per cent of our total budget. The majority of savings came from reductions in staff, consultancy, training and recruitment costs, and new audit appointments.

During the past year, the Scottish Parliament held its first debate about Audit Scotland. It was encouraging to hear many positive comments about our work. We value our strong links with the Parliament and I was very pleased to welcome the Scottish Parliament's Public Audit Committee to our offices to meet some of our staff and hear how we do our work.

During 2011/12, I announced my retirement. It has been a great privilege to serve as the first Auditor General for Scotland, and to have the opportunity to work with so many great colleagues to create and drive a vision for Audit Scotland's role in the good government of Scotland. I would like to thank my many talented, dedicated and professional colleagues without whom none of our achievements would have been possible. I would also like to thank Ronnie Cleland and the members of the board for their support and wise counsel. I am delighted that Caroline Gardner will be the next Auditor General and I am sure that under her leadership, and with the continuing support of the board, Audit Scotland will go from strength to strength.

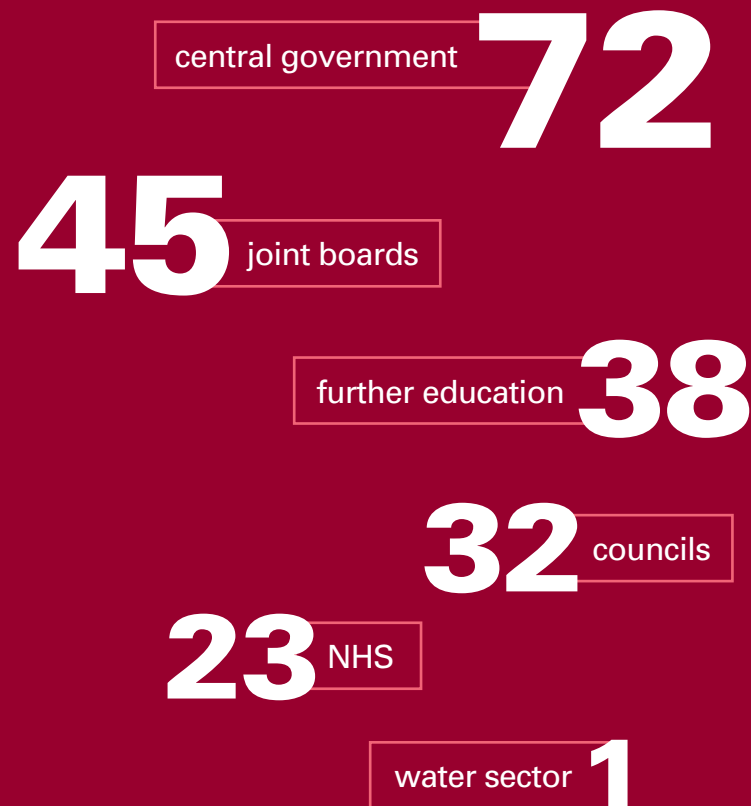


Robert W Black
Accountable Officer and Auditor General for Scotland

“
We delivered
£3.3 million of
efficiency savings,
which was
12.5 per cent of
our total budget.”

Our work

The Auditor General and the Accounts Commission were responsible for 211 annual audits for the audit year 2010/11, carried out by appointed auditors from Audit Scotland and private firms of accountants. The audits were:



The financial audit

The annual audit

Public sector auditors give assurance on financial statements, as well as professional views on matters such as meeting regulatory and legal rules, performance, and efficient use of resources. Annual audit reports cover the full range of audit work done in the year, and can be found on Audit Scotland's [website](#).

The accounts we audit are prepared under International Financial Reporting Standards, the same standards applied to listed companies. We use International Standards on Auditing, the standards used in the private sector. The Scottish public sector is therefore using the global gold standards for accounting and auditing. Auditors undertake their work in accordance with the Code of Audit Practice approved by the Auditor General and the Accounts Commission. A new Code was published in 2011.

The majority of opinions given by appointed auditors are unqualified. However, where an auditor disagrees that an organisation's financial statements offer a true and fair view of its financial position, or wishes to refer to any limit of scope of that opinion, the auditor will qualify their opinion. This year we issued two qualifications, on Shetland Islands Council, and Highlands and Islands Enterprise.

Auditors completed on time all the audits of health, central government, further education and local authority bodies.

Highlighting issues from accounts

We bring significant issues arising from the annual audits to the attention of the Scottish Parliament and the Accounts Commission. This helps ensure effective scrutiny of the use of public funds.

The Auditor General issues reports to the Scottish Parliament under Section 22 of the Public Finance and Accountability (Scotland) Act 2000. We presented five such reports to the Scottish Parliament (see list on page 23). The Controller of Audit issues statutory reports on local authorities to the Accounts Commission and produced three reports in 2011/12.

Ethical standards

The independence of public audit helps ensure its effectiveness. Audit Scotland has adopted the UK Auditing Practices Board's principles of the ethical standards for auditors. The Assistant Auditor General performs the role of ethics partner and provides advice on applying the standards.

Identifying fraud and errors

Audit Scotland manages the National Fraud Initiative (NFI), which brings together auditors and public bodies to identify public sector fraud and error.

We compare information from public sector areas such as housing benefits, payrolls, pensions, disabled parking permits and council tax records. Since the NFI started in 2000, this has helped bodies identify overpayments made through fraud and error worth £78 million in total. Effective fraud arrangements can also act as a deterrent.

Auditing housing benefit services

The Accounts Commission has responsibility for auditing housing benefit services in Scotland. Through our benefits performance audit, we use a risk-based approach to hold councils to account for failing services and help councils improve their benefits services. During 2011/12, we carried out 11 housing benefit risk assessments. Action plans were agreed with councils to address identified risks and we will monitor their progress. Focused audits are carried out where councils are unwilling or unable to reduce identified risks to an acceptable level. One focused audit on Aberdeenshire Council was carried out in 2011/12 which will be followed up in 2012/13.

Technical support and education

Audit Scotland supports improvements in accounting, financial reporting and auditing in the public sector through technical guidance to auditors. We also make this available to finance professionals across the Scottish public sector. We published quarterly bulletins explaining technical developments and 17 in-depth guidance notes.

We added 225 documents to our online technical reference library, and responded to 813 technical enquiries from auditors and stakeholders. We also regularly contribute to external seminars, conferences and working groups.

In order to help common understanding of key issues and improved audit consistency, we brought together auditors working in the same sectors four times during 2011/12.

5 Section 22 reports issued by the Auditor General

Statutory reports issued by the Controller of Audit **3**



Providing a high-quality, cost-effective audit

Our financial auditors work closely with public bodies and their impact is felt daily.

As well as holding public bodies to account for their use of public money, our auditors help organisations improve, and provide feedback and advice on their performance. We do this by bringing the objective, detached view of the outside observer and also a professional commitment and enthusiasm to improving public services and helping public bodies.

The results of this take many forms. For example during 2011/12, we guided bodies through the implementation of new financial reporting standards. We helped them to accurately account for complicated and significant matters such as housing and pension liabilities involving several hundreds of millions of pounds. Our work in some bodies identified the need for training among members, resulting in better financial management and governance. In others, we helped bodies bring about better monitoring of capital projects.

While continuing to provide a high-quality service, we are reducing the fees we charge public bodies and are on target to reduce the cost of audit by at least 20 per cent over the four years to 2014/15. In 2011/12, we cut the cost of our work for the second year in a row, and subsequently the fees we charge public bodies. We applied a 5.5 per cent real terms fees reduction, and also gave audited bodies a combined fees credit of £1.5 million.

« (L) Pauline Gillen and (R) Pauline Murray, senior auditors, on location at Glasgow City Council Chambers.

We completed the appointment of auditors to public bodies for the five years from 2011/12, which will save at least £1.2 million a year. We have also successfully absorbed increased work pressures arising from the roll-out of the International Financial Reporting Standards, and the adoption of clarified International Standards on Auditing and separate pension audits in local government.

We regularly seek feedback from public bodies on the quality of our work, and this year we surveyed bodies from the central government and local government sectors. A summary of responses is [shown opposite](#).

We also invited the Institute of Chartered Accountants of Scotland to undertake an independent review of the quality of our audit work, and compliance with ethical standards. The review found audit files were of a good standard, efficiency savings were being realised, and file storage and archiving have been significantly reduced.

Survey results

Quality survey responses	Positive responses	
	Local government (%)	Central government (%)
Overall quality of service	100	97
Area of impact of the audit		
Assurance and accountability	100	91
Planning and management	100	94
Economy and efficiency	94	88
Effectiveness and quality of services delivered by audited bodies	88	85

“

We cut the cost of our work for the second year in a row, and the fees we charge public bodies.

”



Our work

Performance and Best Value audits

“
All of our
performance
audit reports
are produced
through a detailed
quality assurance
framework.”

We carry out performance audits across the entire public sector for the Auditor General and the Accounts Commission, and we report on these in public. We do this to hold public bodies and public services to account, to help them improve and to provide information and assurance to the public and decision-makers about the use of public money. In 2011/12, we published 27 reports ([see figures opposite](#) and a [full list in the Appendix](#)).

We publish our findings and report on them to the Scottish Parliament and the Accounts Commission. We report on the performance of public bodies and on how they can improve their services and do more with their money. Our reports carry recommendations for public bodies to help them improve, and we publish case studies and key questions for public bodies and those responsible for their governance to consider.

The role of partnerships in the public sector and some of the new ways of delivering public services is becoming a key theme of our work. For more detail, [see page 12](#).

Scottish Parliament

The Auditor General presents performance audits to the Scottish Parliament's Public Audit Committee. In 2011/12, the committee called relevant accountable officers from the Scottish Government and other public bodies to give evidence and answer questions about issues raised in our audits *An overview of Scotland's criminal justice system* and *The role of community planning partnerships in economic development*.

The committee also asked for written evidence from accountable officers for five other reports published during the year, as well as three Section 22 reports. The committee published one report during 2011/12 on issues highlighted in our audit of Scotland's criminal justice system.

Accounts Commission and Best Value

In 2011/12, we helped the Accounts Commission to introduce the Best Value audit into fire and rescue services. The Commission published the first Best Value audits of fire and rescue boards in Scotland, producing eight reports in total. We also continued the roll-out of Best Value audits of police boards, working with Her Majesty's Inspector of Constabulary for Scotland (HMICS) to produce two reports.

During the year, the Scottish Government announced that Scotland's police and fire services would be restructured into single organisations. Our Best Value work has focused on the characteristics of efficient and effective service delivery and the principles of governance and accountability that will be important under the new structure.

We continued the 'How councils work' series of publications, aimed at helping councils manage the financial pressures they face, and published a report on delivering services through arm's-length external organisations (ALEOs) in June 2011.

The Accounts Commission produced findings on 12 of our audits and on one Controller of Audit statutory report.

Assessing our impact

We have a framework for assessing and reporting on the impact of our work. We expect our work to have an impact on: assurance and accountability; planning and management; economy and efficiency; and effectiveness and quality. We prepared two impact reports in 2011/12: *Managing NHS waiting lists* and *Review of orthopaedic services*.

More detail on the impact of our work is on [page 12](#).

Quality

All of our performance audit reports are produced following a detailed quality assurance framework. We also ask for independent comment and external scrutiny of our work. Each performance audit has a project advisory group involving experts in the subject area. In addition, we give a selection of our audit reports to other UK audit agencies – the National Audit Office (NAO), the Wales Audit Office (WAO) and the Northern Ireland Audit Office (NIAO) – for peer review each year. We then use any improvements identified in future work.



Performance and Best Value audit reports published:





Making an impact on public services

Reductions in public spending, an ageing population and rising expectations are creating major pressures and demands on public services.

As a result, public bodies are increasingly working in partnerships to align their priorities and resources, and the Scottish Government is promoting partnerships in public services.

We have strengthened our focus on partnerships over the past year and are developing new ways of auditing this area for the future. In 2011/12, we completed and published audits on the performance of Community Health Partnerships (see box opposite) and Community Planning Partnerships (CPPs). We also considered the roles partnership working and multi-agency collaboration play in some of the other areas we audit, as covered in reports such as *Commissioning social care*, *Transport for health and social care* and *An overview of Scotland's criminal justice system*.

In late 2011, the Cabinet Secretary for Finance, Employment and Sustainable Growth asked the Accounts Commission to design and pilot a new audit approach to CPPs, and Audit Scotland has begun work supporting that.

Through all aspects of our work, we try to identify areas for the public sector to be more efficient, either through saving money or doing more with current resources. *An overview of Scotland's criminal justice system* found that delays, repeated stages in the process, and late decisions not to proceed to court with cases were costing about £40 million a year, and that much of this inefficiency was avoidable.

“ Meeting the needs of older people is a key aspect of partnership working.
Photo courtesy of Age Scotland, www.ageuk.org.uk/scotland

Similarly, our *Cardiology services* audit found that the NHS could save at least £4 million a year. In March 2012, the Health Secretary told the Scottish Parliament that many of our recommendations were being taken forward through two new Scottish Government programmes.

The impact of our work can be seen in other ways. In March 2012, the Planning Minister quoted our report *Modernising the planning system* when he launched consultations on changing the system.

Our *Scotland's public finances* report prompted 83 items of media coverage in August 2011, the month it was published. We published our *Review of Community Health Partnerships* report in June 2011 and it was covered in 76 items of media coverage that month. By the end of 2011/12, it had been downloaded from our website 8,842 times.

This year our reports and podcasts were downloaded 174,318 times from the Audit Scotland website (this figure covers our 500 most downloaded items). We supply reports and findings in various formats.



Case study: *Review of Community Health Partnerships*

Our report said the Scottish Government, NHS and councils needed to show stronger shared leadership and support for CHPs to improve health and move services into the community.

It said the 36 CHPs managed £3.2 billion in spending a year, but faced several barriers and few had authority over how resources were used. It called for a fundamental review of partnerships.

The report received widespread media coverage, and politicians, interest groups and representative organisations supported a review. The Health Secretary also said CHPs had to change. The government has since started work on integrating health and social care.

Review of Community Health Partnerships audit team



Claire Sweeney
Portfolio manager



Carolyn Smith
Project manager



Liz Ribchester
Senior performance auditor



Christine Ferns
Senior performance auditor



Our organisation

We are reducing the cost of our work and the fees we charge public bodies by 20 per cent over the four years to 2014/15.

255 staff
(whole-time equivalent)

staff turnover **12.27%**

4.77 days
average sickness absence per person
(compared with public sector average of 9.1)

female staff **50.2%**

49.8% male staff



Our people

Over the past year we have continued to adapt to the changing environment in which we operate. We reviewed our staff grade mix in order to achieve a more effective balance of skills. We reduced the number of whole-time staff from 275 to 255 through voluntary redundancies and a recruitment freeze. And we applied a pay freeze for the second successive year.

At the same time, we have continued our commitment to staff development and engagement. Our Performance Appraisal and Development (PAD) scheme helps all our staff maintain and develop their skills. During 2011/12, our staff received an average 8.26 days each of training and personal development.

Twenty-nine trainees and staff worked towards CIPFA and ICAS qualifications during 2011/12. Ten trainees successfully completed their qualifications during the year, and three won prizes ([see panel opposite](#)).

This year we kept our status as 'One to watch' in the Best Companies independent survey of workplaces. We also have a partnership forum for regular consultation with the staff trade union.

Diversity and equality

Our Single Equality Scheme outlines our commitment to diversity and equality and sets out how we demonstrate this in the way we work. In 2011/12, we were awarded the Two Ticks disability symbol accreditation for the second year running and received Two Ticks accreditation from the Digital Accessibility Centre for our website's accessibility. We also held a seminar for staff on the new Equality Act, and published four Equality Impact Assessments. A full report on our diversity and equality work is on our [website](#).

Our business

Managing our resources and sustainability

In 2011/12, we delivered £3.3 million of efficiency savings, against a target of £1.9 million. This was 12.5 per cent of our overall budget. The majority of savings came from reductions in staff, consultancy, training and recruitment costs, and the new audit appointments.

We aim to reduce our carbon footprint by 20 per cent, or 107 tonnes of CO₂, by 2014. In 2011/12, we reduced CO₂ emissions by 33.8 tonnes through changes to our IT practices and by up to 62 tonnes a year by rationalising our Edinburgh offices. We plan to improve our data capturing during 2012/13. Our report on sustainability is available on our [website](#).

We launched a programme to improve our storage and sharing of information, implementing Sharepoint software across the organisation. We also started our office rationalisation programme, moving out of one of our three offices in Edinburgh. As well as saving money, this helps promote a more integrated workforce.

In 2011/12, we paid 91 per cent of trade invoices within ten days.

Correspondence and information regulations

Audit Scotland received 230 enquiries, raising concerns about the bodies we audit and other issues. We carried out further audit work where required. Public sector employees can contact us to 'whistle blow' about issues of conduct, value for money, fraud or corruption in public bodies.

Our complaints process records how Audit Scotland has dealt with complaints from members of the public about our staff. In 2011/12, we received four complaints.

We receive many routine requests for information. This year, two Freedom of Information (FOI) requests needed consideration by an internal panel about whether all the information requested could be released. There were no data subject access requests under the Data Protection Act, and no Environmental Information requests. In keeping with the Public Services Reform (Scotland) Act 2010 duties, we have published information on certain expenditure and exercise of functions for 2011/12 on our [website](#).

Internal audit and risk management

Audit Scotland's audit committee supports our board in its responsibilities for risk, control and governance, and associate assurance. The committee met four times and considered eight internal audit and advisory reports. Most internal audits achieved 'substantial assurance', the highest standard available, from our internal auditors BDO LLP. A follow-up report found we were making good progress in applying previous recommendations.

International work

The work of Audit Scotland is valued by other countries and this is reflected in requests for assistance and visits from overseas organisations. In 2011/12, we worked with 15 organisations but turned down 12 other requests. A separate report on our work with other countries is available on our [website](#).

CIPFA prize winners:



Lisa Proctor
Senior auditor, ASG
» Top student in public audit in Scotland

Adrian Kolodziej
Auditor, ASG
» Leadership and management

Neil Cartlidge
Professional trainee, ASG
» Financial Reporting
» Audit and Assurance



Shaping our future – a strategy for everyone

We took major steps over the past year in setting out our organisation's future and how we will maintain our quality while working with fewer resources.

We consulted throughout 2011 with our staff and external stakeholders on our forward work programme, Code of Audit Practice, and strategic direction.

As part of this we held a series of 'Connect Conferences'. All our staff from across Scotland met in small groups with senior management to discuss the challenges we face and agree how to address them. Topics covered ranged from our organisation's priorities, to our performance in dealing with recent events, to career development opportunities within Audit Scotland.

This process helped us create and develop our organisation's strategy map for 2012 to 2015 (shown opposite), and ensured we have a strategy that everybody has contributed to and understands.

We published our new corporate plan for 2012 to 2015. The plan illustrates our commitment to maintaining and improving the quality of our work while reducing the cost of audit. It sets out the work we will do over the next three years to support and meet the priorities, aims and vision stated in our strategy map. It also explains how we will measure and report on our performance and progress in achieving these aims.

All this work led to our staff conference in November 2011. The Cabinet Secretary for Finance, Employment and Sustainable Growth, John Swinney, was the keynote speaker. The event also included external speakers from the Accounts Commission and the further education sector, a presentation from our management team on the direction of Audit Scotland, and group sessions for staff to discuss with and challenge members of management about key issues we face.

Our vision

To be a world-class audit organisation that improves the use of public money

Why we exist

To provide independent assurance to the people of Scotland that public money is spent properly and provides value for money

What we do – our priorities

Helping to improve by holding to account

Auditing

We conduct relevant and timely audits of the way the public sector manages and spends money

Reporting

We report our findings and conclusions in public

Recommending actions

We identify risks and make clear and relevant recommendations for improvement and follow these up

How we do it

Quality & Improvement

We apply effective quality assurance and constantly seek better ways of working

Knowledge Management

We seek out and manage information and intelligence to deliver excellent audits

Innovation

We develop new and improved products to maximise the impact of audit

Value for Money

We maximise our efficiency and effectively manage our resources to reduce the costs of audit

Personal Performance

We empower and support our people to be engaged, highly skilled and perform well

One Organisation

We work together to deliver excellent audits



Our organisation

Our governance and management

Our board

Our board oversees Audit Scotland's work and strives for high standards of governance and management. The board has an audit committee which appoints our internal auditors and receives our annual accounts and internal audit reports. The board met ten times during the year and the audit committee four times.

The board also has a remuneration committee which sets and reviews the salaries of senior staff (excluding the Auditor General for Scotland whose salary is set by the Scottish Parliamentary Corporate Body) and the main terms and conditions for all staff.

The board has a framework which sets out the principles of partnership working between the Auditor General for Scotland, the Accounts Commission and Audit Scotland. The framework helps the three parties work together to deliver their vision for public audit.

Our audit committee consists of John Maclean (chair), John Baillie and Katharine Bryan.

Our remuneration committee consists of Katharine Bryan (chair), John Baillie, Robert W Black and John Maclean.

Board members



Ronnie Cleland
Chair of the board



John Baillie
Chair of the
Accounts
Commission



Robert W Black
Auditor General
and Accountable
Officer for Audit
Scotland



Katharine Bryan
Independent
non-executive
member



John Maclean
Independent
non-executive
member

Scottish Commission for Public Audit

The Scottish Commission for Public Audit (SCPA) is central to holding Audit Scotland to account. The SCPA consists of five MSPs and meets in public. It appoints our non-executive members, scrutinises our budget, annual report and accounts, and produces reports on these. It also appointed our current external auditor, Alexander Sloan Chartered Accountants, in 2010/11.

Our senior management

Our senior management team oversees the day-to-day operations of Audit Scotland's work, with each member taking responsibility for a specific area.

The team consists of Robert W Black, plus six others ([see below](#)).

Senior management



Lynn Bradley
Director of
Corporate
Programmes



Russell Frith
Assistant Auditor
General



Barbara Hurst
Director of
Performance
Audit



Fiona Kordiak
Director of Audit
Services



Diane McGiffen
Chief Operating
Officer



Fraser McKinlay
Director of
Best Value
and Scrutiny
Improvement
and Controller
of Audit



Our board oversees
Audit Scotland's
work and strives
for high standards
of governance and
management.



Our finances

Audit Scotland's accounts are independently audited on behalf of the Scottish Commission for Public Audit (SCPA), which appointed Alexander Sloan Chartered Accountants to carry out the audit.

The full accounts and Audit Scotland's management commentary are available on our website.

Financial summary

Income	£000	2011/12 % total	£000	2010/11 % total
Fees paid by local authorities	11,797	63	13,429	64
Fees paid by health bodies	3,818	20	4,523	21
Fees paid by Scottish Water	180	1	205	1
Fees paid by further education colleges	598	3	560	3
Fees paid by Scottish Government and sponsored bodies	1,671	9	1,814	9
Bank interest	17	-	5	-
Miscellaneous	324	2	506	2
Other finance income (pensions)*	288	2	(39)	-
Total	18,693	100	21,003	100

Expenditure	£000	2011/12 % total	£000	2010/11 % total
Staff and members' costs	14,356	56	15,501	58
Fees and expenses paid to appointed auditors	5,935	23	6,255	23
Buildings, rent and depreciation	2,138	9	2,223	8
Operating costs	3,033	12	2,877	11
Total expenditure	25,462	100	26,856	100
Pension adjustment – past service	-	-	(6,349)	-
Total resource requirement	25,462	-	20,507	-

Direct funding from Parliament	£000	2011/12 Available £000	£000	2010/11 Available £000
Net operating (cost) / surplus	(6,769)	(7,765)	496	(7,295)
Pension adjustment – past service	-	-	(6,349)	-
Adjusted operating (cost)	(6,769)	(7,765)	(5,853)	(7,295)

* Other finance income is made up of income from expected returns on the local government pension scheme assets less the interest payable on the scheme liabilities.

Staff and members' costs

	Salary £000
Auditor General	145 – 150
Deputy Auditor General*	110 – 115
Assistant Auditor General (Financial Audit)	110 – 115
Chief Operating Officer	105 – 110
Director of Performance Audit	90 – 95
Director of Corporate Programmes	90 – 95
Director of Audit Services	90 – 95
Director of Best Value and Scrutiny Improvement	85 – 90

* Left the organisation on 31 December 2011.

Board

The Auditor General and Accounts Commission Chair serve on the Audit Scotland Board but receive no remuneration for that role. During 2011/12, Audit Scotland had three independent non-executive board members of which one was the chair of Audit Scotland. Non-executive members were remunerated as follows:

Board	Banding £000
Chair of Audit Scotland	5 – 10
Non-executive board members	5 – 10

Audit Scotland non-executive board appointments are part-time and non-pensionable.

Accounts Commission

The Accounts Commission Chair and members were remunerated as follows:

Accounts Commission	Banding £000
Chair of Accounts Commission	40 – 45
Deputy chair	10 – 15
Commission members	5 – 10

All Commission appointments are part-time and non-pensionable.

A full remuneration report is in our accounts for 2011/12. These are available on our [website](#).



Appendix

Reports published in 2011/12

Annual audits

- » 211 annual audits (details are on our [website](#))

Across-government reports

- » Commonwealth Games 2014: progress report 2: planning for the delivery of the XXth Games
- » Commissioning social care
- » The role of community planning partnerships in economic development
- » Modernising the planning system
- » An overview of Scotland's criminal justice system
- » Scotland's public finances: addressing the challenges
- » Transport for health and social care
- » Review of Community Health Partnerships

Central government reports

- » Reducing greenhouse gas emissions

NHS reports

- » Cardiology services
- » Overview of the NHS in Scotland's performance 2010/11
- » A review of telehealth in Scotland

« (L) Gareth Dixon, project officer and (R) Miranda Alcock, portfolio manager and (page 23) Sally Thompson, project manager – members of *An overview of Scotland's criminal justice system* audit team.



Local government reports

- » An overview of local government in Scotland: challenges and change in 2012
- » How councils work: an improvement series for councillors and officers – Arm's-length external organisations: are you getting it right?
- » National Scrutiny Plan for Local Government 2011/12

Best Value reports

- » Strathclyde Fire and Rescue
- » Lothian and Borders Fire and Rescue
- » Grampian Fire and Rescue
- » Highlands and Islands Fire and Rescue
- » Fife Fire and Rescue
- » Dumfries & Galloway Fire and Rescue
- » Tayside Fire and Rescue
- » Central Scotland Fire and Rescue
- » Lothian and Borders Police and Police Board
- » Comhairle nan Eilean Siar
- » Stirling Council
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