

Corporate plan

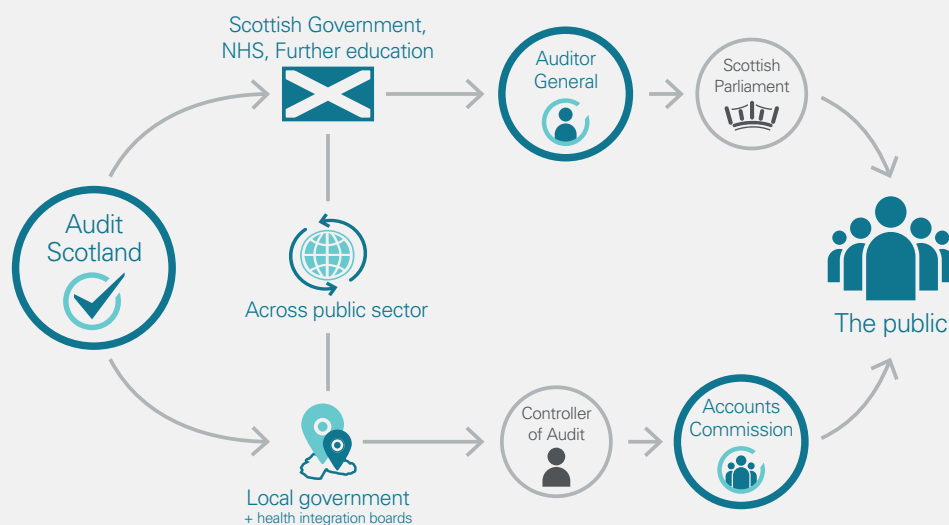
2017/18 update



Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- **Audit Scotland** is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.
- The **Auditor General** is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The **Accounts Commission** is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.



About us

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

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. 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.

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Foreword


There are significant challenges which continue to face public services in Scotland. The expectations the public have on public services are high and the demands on services are changing to reflect the make up of the Scottish population.

All of this is happening against a backdrop of tight public finances and changes in how services are delivered.

In the foreword to last year's corporate plan I highlighted the significant changes that were taking place in Scotland. In the intervening year, the level of uncertainty and change has increased substantially with the outcome of the EU referendum and the debate around a second Scottish independence referendum.

In this context it's even more important that the people of Scotland have assurance that public money is being spent wisely and that services are as efficient and effective as they can be. Audit Scotland has a key role in ensuring this happens.


In 2015, the Auditor General, the Accounts Commission and Audit Scotland published a joint statement on the principles underpinning [*Public audit in Scotland*](#)  and these remain at the heart of our corporate plan.

This 2017/18 update to our [*Corporate plan 2015-18*](#)  highlights how Audit Scotland is responding to the major changes taking place across Scotland's public sector and how we are developing the organisation to ensure that we deliver high-quality public audit for the people of Scotland.



Ian Leitch CBE
Chair of the Audit Scotland Board



Public audit
in Scotland
 May 2015



Corporate plan
2015-18
 May 2015

In this plan we highlight the significant challenges facing the public sector in Scotland, and set out the role that public audit plays in this context.

The last twelve months have seen unprecedented change in Scotland, the UK and internationally, and it's clear that the future holds more uncertainty. Public audit has a vital role to play in holding public services to account and helping them to improve, and this is even more important in times of change.


Over the course of the last year new phrases like 'alternative facts' and 'fake news' have entered the language, and there have been questions about the role of experts. Trust is an important part of governance and accountability in public life, and public audit has a pivotal role in providing assurance.

Public audit in Scotland is independent, objective and politically neutral, and uses evidence to provide an authoritative picture of complex issues. This provides politicians, decision-makers and the general public with the information and assurance they need about how well public services are run and public money is spent.

Our core audit work reports on over 220 organisations each year, and in 2016/17 we produced more than 20 performance and overview reports on a wide range of issues including the NHS and local government, social work, higher education, colleges, economic development, roads and broadband. We also produced reports on Scotland's new financial powers, together with a wide range of statutory reports.

The real value of our work lies in supporting improvement. In order to get our messages out, we've introduced a range of new approaches including more use of social media, briefing notes and interactive data graphics alongside our audit reports to help provide understanding and insight. We're also working on how we listen to our stakeholders, to better understand what's important to them and what that means for our audit work.


During 2017/18 and beyond, we will continue to ensure that public audit adds value by delivering the commitments set out in this plan. These include:

- delivering audits under the new [Code of audit practice 2016](#) , which includes a new approach to auditing Best Value in local government
- strengthening the quality assurance arrangements which underpin our audit work
- focusing on continuous improvement in audit and in how we run our organisation
- ensuring that our work assesses how effectively public bodies manage their finances, deliver services and help to improve outcomes for the people of Scotland.



Caroline Gardner
Accountable Officer
for Audit Scotland

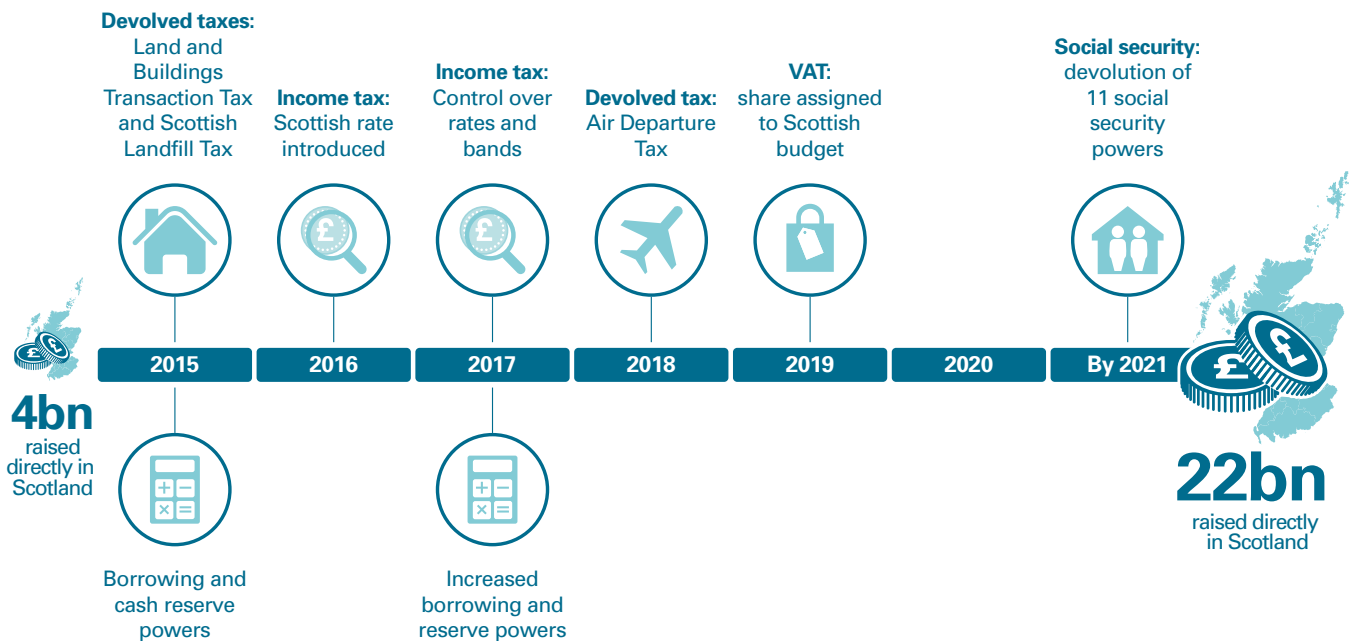


Code of audit
practice 2016
 May 2016

Context

The devolution of powers and responsibilities set out in the Scotland Acts of 2012 and 2016 and the accompanying fiscal framework, represent an unprecedented increase in the financial powers of the Scottish Parliament. By 2020, 52 per cent of the Scottish Budget will be raised directly in Scotland compared to just ten per cent in 2014/15. Over the course of the coming years, over £2.8 billion of social security expenditure will be devolved to Scotland.

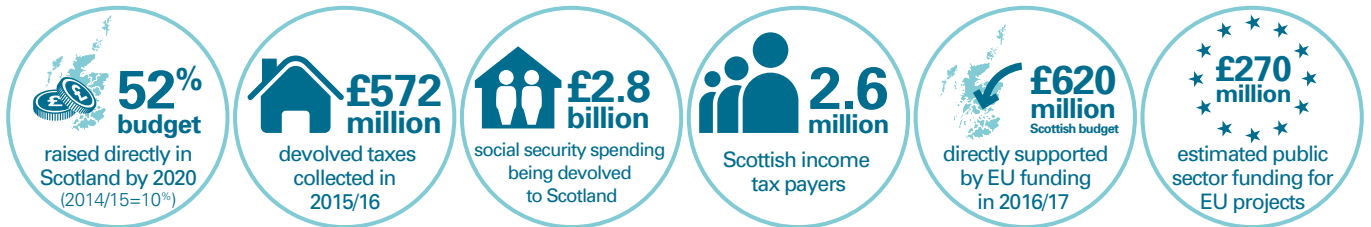
Financial devolution in Scotland



1. We have highlighted that the new financial powers require a more strategic approach to Scottish public financial management and reporting. This needs to include an overarching medium-term financial strategy underpinned by clear policies and principles. The budget process is becoming increasingly complex and there is more reliance on forecasting than ever before and the need for adjustments throughout the budget cycle.

2. The respective roles, responsibilities and lines of accountability between the UK and Scottish Government around the implementation of the devolved powers are also developing. This will need to be managed carefully to ensure a smooth and effective transition.

Key facts



3. The outcome of the European Union (EU) referendum, the triggering of article 50 and the options for Brexit bring significant uncertainty. This also creates capacity pressures on the UK and Scottish governments and this will also need careful management and prioritisation. Whatever form of Brexit takes place, 'hard' or 'soft', it is likely that there will be wide-ranging consequences for funding streams, including the Common Agricultural Policy and funding for economic development. The outcome of the Brexit vote and the ongoing negotiations have also reframed the debate about Scottish independence and the prospects for a second independence referendum.

4. While this constitutional reform develops, public services in Scotland continue to face significant challenges. The demand for public services is changing, reflecting the make-up of Scotland's population with greater pressures in particular on health and social care services.

5. Major changes are also taking place to how public services are delivered, for example through the integration of health and social care services and greater community empowerment. Implementing change is not easy and over the course of the last year we have reported on a number of areas where this has not gone well across the public sector.

6. Some services are being devolved and are delivered locally, other services are provided through a more centralised model. Public services are also offered through a diverse range of public, private and third sector organisations. This means that services can be provided in new and innovative ways, but it also means that the lines of responsibility and accountability are more complex.

7. Public money remains tight and there are many challenges facing decision-makers on where best to prioritise the resources that are available.


8. In this context it is important that independent, objective and authoritative public audit continues to support a strong and effective system of financial accountability and transparency in Scotland.

What we do

Public audit in Scotland covers over 220 public organisations including the Scottish Government, the NHS in Scotland and local councils. These organisations currently spend over £40 billion of public money annually.


Public bodies audited



77  Central government bodies and Scottish Parliament (including police, fire, Scottish Water)

23  NHS bodies

32  Councils

73  Joint boards and committees (including 30 health integration boards)

21  Further education colleges

226 Public bodies audited

9. We carry out timely and relevant audits to assess the way public bodies spend money, manage their finances, deliver services and help improve outcomes for the people of Scotland.

10. We audit organisations across the whole of the public sector in Scotland; this provides us with a unique insight into how effectively public money is spent. Public audit in Scotland focuses on financial sustainability, financial management, governance and transparency and value for money.



Each year public audit delivers



Over 220 annual audits of public bodies in central government, NHS, further education, local government, joint boards, and water



Approximately 800 audit reports on audited bodies



About 20 sector overview, performance audit and Best Value audit reports on strategic themes and organisations



Over 200 risk assessments covering the public bodies we audit



Investigations into matters of public concern



Statutory public interest reports for the Auditor General, the Scottish Parliament, the Controller of Audit and the Accounts Commission to consider



Coordination of the National Fraud Initiative in Scotland



Housing benefit risk assessments and audits



Support for the Scottish Parliament's scrutiny of the use of public money



Briefings for the Scottish Parliament, audited bodies and other key stakeholders.

11. By doing this we aim to:

- provide independent scrutiny on, and assurance about governance, financial management and performance to the public
- make evidence-based recommendations to improve governance and performance
- provide insights into what works and offer foresight on future risks and opportunities
- support the improvement of public services
- promote high professional and ethical standards
- support the democratic process by encouraging good governance and clear, transparent and comprehensive financial reporting to elected representatives and the people of Scotland.



Our vision

How public audit makes a difference



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

12. In shaping this vision and our priorities for the coming years, we have focused on the devolved powers and difficult financial climate in which public bodies now operate. We aim to ensure that we are as efficient and effective as possible through continuous improvement.

13. Our corporate plan is driven by [Public audit in Scotland](#) . This sets out the shape, principles and common themes of public audit and the priorities identified by the Auditor General and the Accounts Commission. The plan also captures how we will help to deliver the Accounts Commission's [Strategy and annual action plan 2016-21](#) .

14. The foundation of our work is providing independent assurance about governance, financial management and reporting, and performance and outcomes. Audit also delivers much more value by providing independent, evidence-based recommendations, generating insights into what works and supporting improvement.

15. Our audit work already makes a difference in many of these areas but we continuously challenge ourselves to add more value. This means doing more to ensure informed foresight, good decision-making and improvement.

16. The [strategy map 2015-18 \(page 11\)](#) sets out our vision and how we will deliver it through our work and our strategic Becoming World Class improvement programme.

Strategy map



Our audit and improvement priorities

We want to ensure that we do the right work at the right time and do it efficiently and effectively. We want our audits to add value by supporting accountability and improvement and by delivering audits which have a real and positive impact on public services.

17. Following a review of the expectations people have of public audit, we worked with the Auditor General and the Accounts Commission to develop [Public audit in Scotland](#) , a joint strategic statement on what public audit offers, why it is important and the principles and themes in our strategic improvement programme for 2015–18.




Public audit in Scotland
 May 2015


2017/18 audit priorities

18. The further devolution set out in the Scotland Acts of 2012 and 2016 and the accompanying new financial powers and fiscal framework represent an unprecedented increase in the financial powers of the Scottish Parliament. By 2020, 52 per cent of the Scottish Budget will be raised directly in Scotland compared to ten per cent in 21014/15 and £2.8 billion of social security expenditure is being devolved to Scotland.

19. The fiscal framework agreed between the Scottish and UK governments is critical and is underpinned by the wider system for the Scottish public finances. It is essential that the arrangements in Scotland are further developed to reflect increased fiscal responsibility, including the arrangements to ensure the financial sustainability and effective management of the Scottish public finances. There is an important role for audit in reporting independently on these and to inform and support the Parliament's responsibilities for the oversight of the public finances.


20. The new [Code of audit practice 2016](#)  sets out the expectations of audit for the years to come. The code sets the framework for public audit in Scotland including auditor compliance with International Standards on Auditing, ethical standards and by providing conclusions on the four dimensions of wider scope audit: financial sustainability, financial management, governance and transparency, and value for money. This will ensure not only that they provide appropriate assurance to the Auditor General and the Accounts Commission and wider stakeholders, but that they also add value to audited bodies so that they are better placed to address the challenges that they face.



Code of audit practice 2016
 May 2016

21. The audit dimensions will also help to focus auditors' work in support of the Accounts Commission's new approach to auditing Best Value, a focus on the experience of citizens and service users and the link between spending and outcomes.

22. The five-year rolling work programme is based on our analysis and understanding of the key risks facing the public sector in Scotland. Our strategic approach to programme development helps us to be flexible, so that we can respond to any emerging or changing risks and adapt the programme accordingly. During 2016/17, we strengthened our approach by engaging with a wider group of stakeholders on an ongoing basis about issues that they should feature in the programme and how they can inform specific audits.

23. The [2017/18 programme](#)  includes overview reports on local government, the NHS and Scotland's colleges, audits of Best Value on six councils and includes national performance audit reports on:



- Health and social care integration
- Self-directed support
- Early learning and childcare
- Children's mental health
- Social work in Scotland¹
- NHS workforce
- Scottish fire and rescue services
- Roads maintenance¹



- Managing continued devolution of fiscal powers
- Innovative financing – City deals
- Principles for a digital future
- Equal pay
- Arm's-length external organisations
- Forth replacement crossing
- Ferry services in Scotland
- Common Agricultural Policy (CAP) futures programme

Note: 1. Following up on the impact of earlier reports.

24. In developing our 2017/18 budget, we reduced audit fees by an average of 8.6 per cent in real terms and reduced the revenue resource requirement from the Scottish Consolidated fund by 2.6 per cent in real terms. We have also simplified the funding arrangements for auditing the NHS in Scotland and improved the transparency of the audit funding arrangements overall. This is appropriate when public finances are tight. However, it is also vital that the quality of the audit work is guaranteed and indeed improved. That is why we will be implementing enhanced quality arrangements in 2017/18.

25. At the same time we continue to focus on our efficiency and effectiveness. We will continue to improve how we go about our audit work and run the organisation. 2017/18 will see us make a step change in how we harness digital technology to inform what we audit, how we audit and how we get our messages out, share our insight and support foresight by providing greater access to the information we hold. Our digital audit strategy will also set out how and where we will report on digital transformation across the public sector.

Strategic improvement priorities

26. In this plan we have highlighted the significant challenges facing the public sector, the scale of change taking place in Scotland and the continuing financial challenges. In this context it is essential that we too are efficient, effective and responsive to the changing demands. We also have to operate to the highest professional standards. We expect this of the bodies we audit and demand it of ourselves. This means having high-quality governance and highly effective arrangements to support our people and manage our work.

27. To help meet these challenges we are continuing to deliver on our Becoming World Class strategic improvement programme 2015-18. The programme has three main objectives:



28. The programme includes a combination of improvement work we already have under way and new initiatives to respond to what we have heard from our stakeholders. All of our improvement work is focused on delivering these three objectives for the period of this plan.



SECURING WORLD CLASS AUDIT

Our objective is to ensure that public audit in Scotland:

- applies the highest professional and ethical standards
- is efficient, proportionate and risk based
- is informed by an excellent understanding of the strategic and operational context
- responds effectively to changing circumstances and emerging issues
- reports clearly and authoritatively
- follows the public pound wherever it is spent
- promotes transparency, accountability and Best Value.

Our guiding principles are:

- **Independence and objectivity** – we understand the environment within which public policy and public services operate, but remain independent and objective.
- **Openness and transparency** – we are clear about what, why and how we audit and how we share our data, analysis and judgements. We will do this by sharing our risk assessments and audit plans with the bodies we audit and other relevant stakeholders and by reporting clearly and concisely in public.
- **Quality** – we operate to the highest ethical and professional standards and ensure that all auditors of public bodies implement robust quality control and monitoring arrangements. We will report annually on the arrangements for quality assurance, the results of quality reviews and on surveys about our audit work.
- **Working with others** – we work with others to deliver excellent audits by working across the organisation and with other audit and scrutiny partners, by consulting on thematic areas we are considering auditing and by involving advisory groups and experts.

Progress in 2016/17

Last year we:

- ✓ published the new [Code of audit practice 2016](#) for public audit in Scotland. The code requires auditors to comply with the highest professional standards including International Standards on Auditing and ethical standards and to provide conclusions on the four dimensions of wider-scope public audit: financial sustainability, financial management, governance and transparency, and value for money
- ✓ supported the Auditor General and the Accounts Commission in their [appointment of auditors](#) for the next five years. This process has resulted in anticipated savings of approximately £0.9 million
- ✓ ensured that there has been a smooth transition to the new audit appointments
- ✓ delivered a new, simpler and more transparent system for determining [audit fees](#) within our broader funding arrangements to ensure that audited bodies, the Parliament and other stakeholders have assurance on the cost and quality of the services we provide. The fees strategy will reduce average fee levels for the 2016/17 audits by 6.7 per cent (8.6% in real terms)
- ✓ secured approval for the [budget](#) strategy which will result in a reduction of 6.5 per cent in gross expenditure compared to the 2016/17 budget
- ✓ developed an [International strategy](#) which sets out our approach to international work that reflects our commitment to become a world-class audit organisation by sharing learning and best practice with other audit agencies from across the world.

Priorities for 2017/18

Our priorities over the remaining period of the 2015-18 plan are to:

- inform the development of the wider scrutiny and accountability arrangements required to support the new financial powers and fiscal framework
- develop the audit framework and our capacity to provide scrutiny and assurance of the implementation of the new powers and responsibilities. The full extent of the additional work will not be known until the administrative arrangements are agreed, but it is likely to include further work with the National Audit Office to provide assurance on income tax and VAT income, work on the devolved security benefits and further work supporting the Parliament as the complexity of the Scottish finances increases
- enhance our audit quality assurance framework for the new five-year audit appointments, to meet the requirements of the new Code of Audit Practice and cover all of the audit work undertaken on behalf of the Auditor General and the Accounts Commission. This will safeguard the quality of our work, focus on continuous improvement and ensure our audit work provides value for money
- work collaboratively with our scrutiny partners to provide challenge and assurance on the effectiveness of public services
- develop our approach to digital audit
- learn from our audit partners and others.



Our objective is to maximise the difference our audit work makes to public services in Scotland.

We will ensure that we:


- are clearly focused on the issues that matter in public services in Scotland
- make a positive difference to how public money is used
- make a positive difference to service users, and the outcomes that people experience
- provide insights into what works and what needs to improve
- offer foresight on future risks and opportunities for improvement
- make appropriate comparisons with what is happening elsewhere in the UK and internationally
- engage constructively with the organisations we audit, demonstrating a good understanding of their operating environment and having empathy for what they are trying to achieve
- are open and transparent in how we go about our work, including how we reach audit judgements.

Our guiding principles are:

- **Impact, innovation and improvement** – we will maximise the value of the audit and support improvement. We do this by making practical, clear and relevant recommendations, following up on recommendations, challenging bodies that are not performing effectively and efficiently or striving for excellence and by sharing good practice examples, guides and checklists.
- **Diversity, equality and sustainability** – we will continue our commitment to considering diversity and equality in our work. We will continue to report on diversity and equality issues and will ensure our work is accessible to people with disabilities and those for whom English is not their first language. We will promote sustainability through our audit work and in the way in which we conduct our business.

Progress in 2016/17

Last year we:

- ✓ developed a new communications and engagement strategy and engaged extensively with the Scottish Parliament, committees and SPICe to support effective Parliamentary scrutiny and ensure that our work reflects key issues of concern to parliamentarians
- ✓ supported the Accounts Commission in its development of a new approach to auditing Best Value; this is now in place
- ✓ refreshed the five-year rolling programme of audit work based on extensive engagement with a wide range of stakeholders and by focusing on the key risks and opportunities facing Scotland's public sector
- ✓ enhanced our range of audit outputs and products available on our [website](#) , including briefing papers, web resource pages, case studies, guidance and checklists for decision-makers, interactive data tools and infographics and animations
- ✓ developed our use of social media to get our messages out, share information and engage with stakeholders
- ✓ refreshed our equality outcomes and further embedded equality in our work by establishing an advisory group, expanding coverage of equal opportunities in the new approach to auditing Best Value audit, including consideration of compliance with the Equality Act in the shared risk assessment process, and expanding the Audit Management Framework for performance audits.

Priorities for 2017/18

Our priorities over the remaining period of this plan are to:

- embed and further refine the approach to auditing Best Value using the new approach and report locally and nationally
- develop our data and analytics capacity to inform risk assessments, audits, reports and improve how we present our conclusions and the underlying data to ensure we are getting the messages out effectively and improve insight and foresight
- ensure we have a good understanding of the policy priorities and issues facing the public sector by engaging with stakeholders to focus audit work where it adds most value
- support the Auditor General and the Accounts Commission's engagement with key stakeholders across the public sector
- ensure our audit work is meeting the needs of the Parliament and its committees; and is supporting effective parliamentary scrutiny
- ensure our audit work is meeting the needs of the organisations we audit and continue to innovate how we share our audit information and conclusions and promote good practice in new and innovative ways beyond audit reports
- improve how we follow up on conclusions and recommendations to assess whether they have been implemented and the effect they have had
- continue to review our audit processes – to ensure that every step adds value and has a positive impact (this includes: risk assessment, programme development, scoping the work, designing the methodology, doing the work itself, reporting our findings and recommendations and how we follow these up)
- further embed equality in our audit work, through consultation with stakeholders, the scoping of audits, analysis of data and by improving the accessibility of reports.



BUILDING A **BETTER** ORGANISATION



Our objective is to make the best use of our resources so that we can deliver audit work that improves the use of public money. We want to make Audit Scotland a great place to work so that we can attract and retain a highly skilled workforce who provide high- quality audit services.

Our guiding principles are:

- **Valuing our people** – we will empower and support our people to be engaged, highly skilled and perform well. We will do this by recruiting the right people and investing in their professional development. We will promote, encourage and embed equalities and value our people.
- **Value for money** – we will maximise the efficiency and effectiveness of all of our resources (people, finance, property and information). We will do this by monitoring our performance and costs and reviewing, streamlining and improving our work.

Progress in 2016/17

Last year we:

- ✓ developed a new strategic approach to managing and developing our people, this includes job roles, grading, pay and reward and career progression, all based on the principles of simplicity, transparency, fairness and flexibility
- ✓ developed more flexible arrangements for personal development and our working practices around time, place and travel
- ✓ simplified our processes and built flexibility and resilience into how we deploy our workforce on the audit work and across business groups and improved how we work together to deliver world-class audit
- ✓ relocated our Inverness-based colleagues to a more flexible and fit-for-purpose office at no extra cost
- ✓ refreshed our equality outcomes, reviewed how we maximise the accessibility of our offices, took steps to improve the representation of younger staff in our workforce and extended our Living Wage accreditation to cover the procurement of services.

Priorities for 2017/18

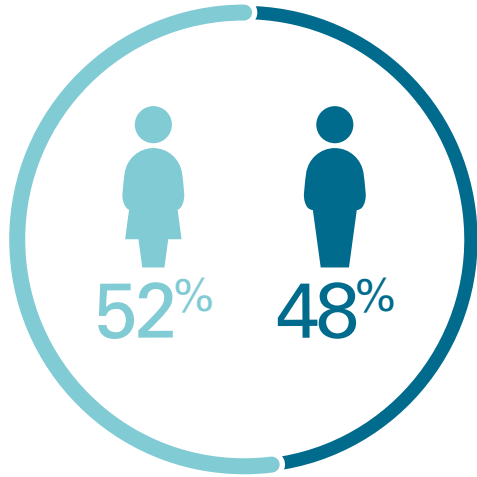
Our priorities over the remaining period of this plan are to:

- implement new job role, grading and pay and reward arrangements
- review our approach to leadership to ensure the organisation is well placed to respond to the risks and opportunities in the coming years
- support colleagues as we shift our ways of working to increase innovation and enhance their personal ownership of our work
- invest in professional learning and development and enhance our specialist skills and capacity in key areas
- review our professional trainees scheme
- keep our workforce strategy under constant review to ensure we have the capacity to meet the changing audit responsibilities
- support the wellbeing of our colleagues
- improve the working environment in our Glasgow office to provide a more flexible and efficient workplace
- deploy our workforce flexibly and responsively based on audit priorities
- develop our performance management and business intelligence arrangements and roll out a programme of efficiency reviews
- further embed our approach to equality and review what more we can do to attract new employees from under-represented groups
- learn from other world-class organisations.

Our resources

Our people

29. Our people examine Scotland’s public finances and assess how money is being spent. By understanding our clients and the risks they face, we can focus our work on the issues that really matter. We can only continue to do this if our people possess the right skills, are engaged, confident and able to give their full potential in their work. Our workforce plan is part of the way in which we achieve these objectives. Staffing costs amount to 65 per cent of our total budget.



Further information on diversity of our workforce is available in our 2017 equality outcomes reports

30. After a period of reducing our workforce in recent years we anticipate a modest increase in staffing numbers in future years so that we can deliver on our increased audit responsibilities. These include auditing Revenue Scotland, Food Standards Scotland, integrated health and social care joint boards and the responsibilities arising from the new financial powers and fiscal framework and the transfer of social security payments.

31. While workforce planning involves the process of forecasting workforce numbers, we also include the wider elements of modern organisational development. This includes how we work together, and how we support wellbeing and sustainable, innovative and productive long-term performance. During 2017/18, we will continue with our ambitious programme of Building a Better Organisation (BaBO) as part of our commitment to Becoming World Class.



Equality outcomes 2017-19

↓ April 2017



Equality outcomes and mainstreaming: progress report 2015-17

↓ April 2017

32. We operate a professional training programme which is a central element of our resource and succession planning for qualified auditors. The scheme provides us with a pool of talent that we aim to develop into the technical experts, managers and leaders of the future. This also contributes to the pool of qualified accountants and auditors available across Scotland's public sector. The scheme supports our two biggest externally facing audit business groups and, in 2017/18, our scheme will be extended to allow school leavers with the necessary high school qualifications to access a career in accountancy and audit. Each year we recruit people to the professional training programme and there are currently 35 trainees in this programme.

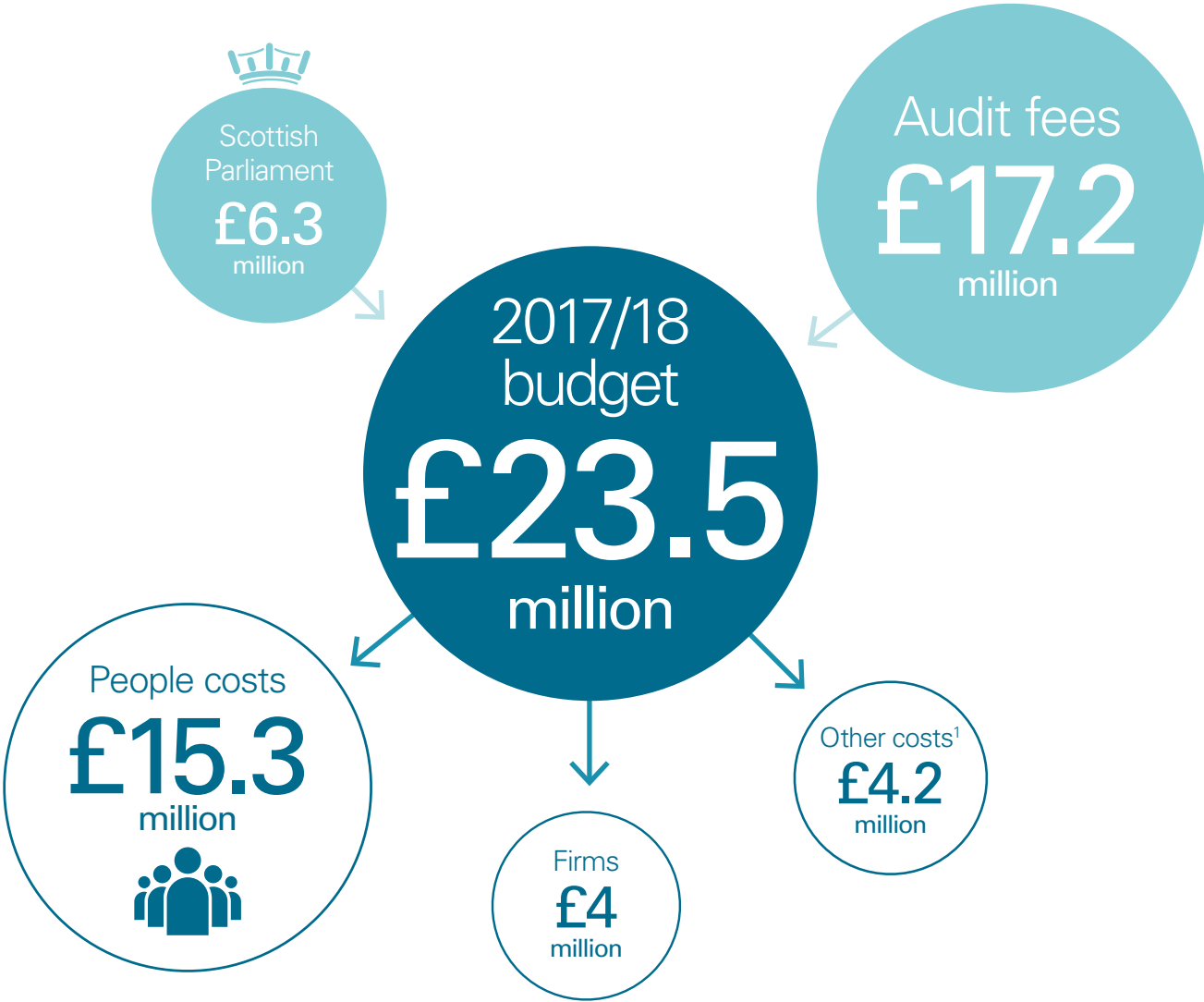
Our income and expenditure

33. The Auditor General and the Accounts Commission expect public bodies to manage their finances to the highest standards and achieve the best possible value for public money. They expect the same of Audit Scotland.

34. Audit Scotland meets its costs from a combination of audit charges to public bodies and funding from the Scottish Parliament through the annual Budget Act. Audit Scotland sets audit fees to recover the costs of local audit work and, where appropriate, a contribution to other audit and support costs. In 2016, we reviewed our approach to funding and fee setting to ensure that it is more transparent and understandable for audited bodies and stakeholders.

35. Our budget of £23.5 million for 2017/18 ([summary on page 26](#)) is a 2.5 per cent decrease in real terms compared to the 2016/17 budget.

Income and expenditure budget 2017/18



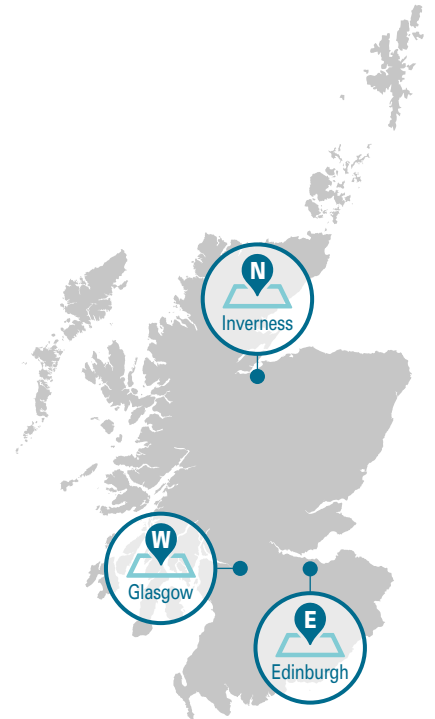
Note: 1. Other costs include property, IT, travel and subsistence, and depreciation.

Our property

36. A substantial proportion of our audit work is carried out by the local audit teams on-site at the offices of the bodies we audit. We also operate out of dedicated office locations in Edinburgh, Glasgow and Inverness.

37. During 2015/16, we relocated from two sites on George Street in Edinburgh to a single office at West Port. This offers us a more fit-for-purpose and flexible working environment, and supports more effective cross-organisational working. The move will generate savings of £2.8 million over ten years in respect of rent, rates and service charges.

38. In 2016/17, we relocated our Inverness office. This provides a better and more flexible working environment and was cost neutral. We will be increasing the flexibility of the Glasgow office during 2017/18 to support more agile working practices.



Our information systems

39. High-quality ICT resources are essential to our business and in many ways they are the tools of our trade. Over the period of our last corporate plan we made a number of important improvements to our core systems, ICT hardware, and how we use mobile technology.

40. All of these were designed to ensure that we have resilient and high-quality systems to support our audit work.

41. We have a wide range of further improvements planned which will improve our efficiency and the impact of the work that we do. These include:

- focusing on resilience and innovation to support our audit work
- making better use of mobile technology and cloud solutions which are secure and available anytime and anywhere
- audit intelligence, data and analysis which is more accessible to the public.

42. We are currently developing a revised Digital Services Strategy to support the implementation of this plan.

Our governance



We expect high standards of governance of the organisations we audit and we set high standards for our own governance. We believe that a world-class organisation requires world-class governance arrangements.

43. The Audit Scotland Board is responsible for the exercise of all functions of Audit Scotland. It exercises its powers and authorities through a Scheme of Delegation. The board is made up of the Auditor General, the chair of the Accounts Commission and three independent non-executive members appointed by the Scottish Commission for Public Audit. The chair of the board and its two committees are non-executive members.

44. The board has two standing committees:

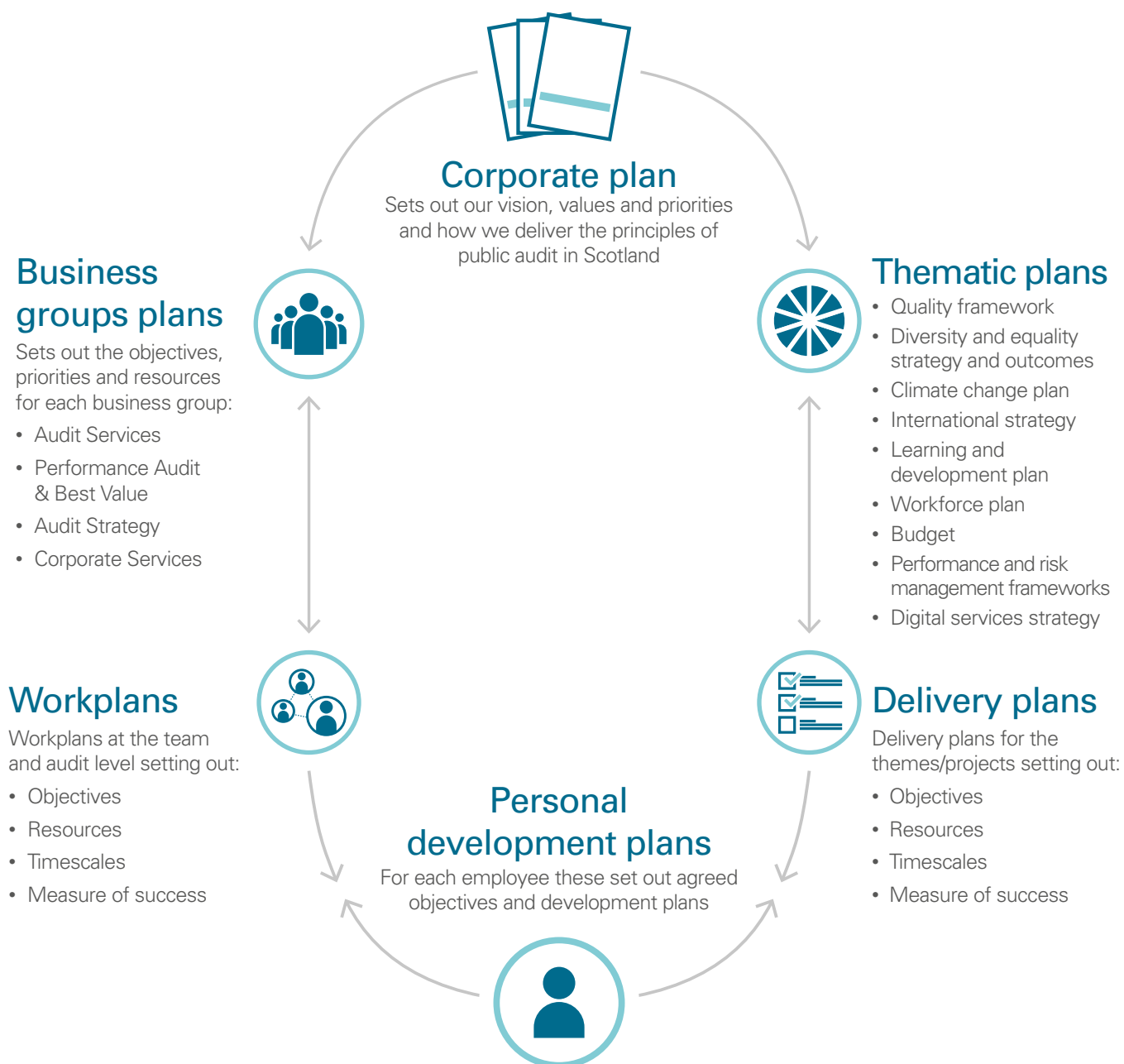
- The Audit Committee oversees the arrangements for internal control, risk and corporate governance, internal and external audit, the annual accounts and the Standing Orders, Financial Regulations and Scheme of Delegation.
- The Remuneration and Human Resources Committee oversees the arrangements for salaries and terms and conditions of staff and other human resourcing matters.

45. Our annual budget and parliamentary funding is subject to scrutiny by the [Scottish Commission for Public Audit](#) .

Our planning and performance framework










46. Our planning and performance framework is designed to ensure that the principles of public audit in Scotland are the driving force in our corporate plan. In turn this informs both the plans for each business group and our thematic plans and strategies.


47. These plans are supported by a range of more operational plans and flow through into the personal objectives for each member of staff.



48. We use a variety of reporting arrangements to track progress and report on our performance and governance. We will use these to assess how effectively we are delivering our objectives and commitments in this plan.

Key reports

Report	Reporting arrangements
 Annual report and accounts	Annual report to the board, SCPA and published on the website.
 Transparency and quality	Annual report to the Audit Committee and the board and published on the website.
 Diversity and equality	Annual employee monitoring reports to the board. In February 2017, we published the most recent Equal pay review 2016  . Equality outcomes 2017-19  reports to the board and published on the website.
 Climate change	The Climate change plan (2015/16 – 2019/20)  was published in June 2016 and annual performance reporting to management team and the board takes place in October each year.
 International work	Annual report to the board and published on the website.
 Financial performance	Annual accounts to the board, SCPA and published on website. Quarterly update reports to the management team, board and audit committee – board reports are published on the website.
Corporate performance	Quarterly reports to the board – board reports are published on the website.
Improvement performance	Quarterly reports to the board – board reports are published on the website.
Risk updates	Update reports and risk interrogations to the audit committee.

49. We have a [Risk management framework](#)  which we use to identify the risks facing the organisation at both strategic and operational levels. The framework analyses the likelihood and impact of the risk happening, captures the controls in place and the way in which the risk is being monitored. It also highlights any actions required to further reduce the risk. The risk register is reviewed regularly by the management team and by the audit committee who also interrogate selected risks and mitigating actions in closer detail.

50. The key risks for the coming year include; maintaining our independence and reputation as an audit agency, the relevance, focus and scope of the audit work and our capacity to deliver it, the quality, impact and influence of the audit and our aim to innovate and provide value for money. Many of these risks are inter-linked and are managed carefully to ensure that we are able to achieve our strategic vision.


Corporate plan

2017/18 update

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ISBN 978 1 911494 25 6