

Correspondence and whistleblowing

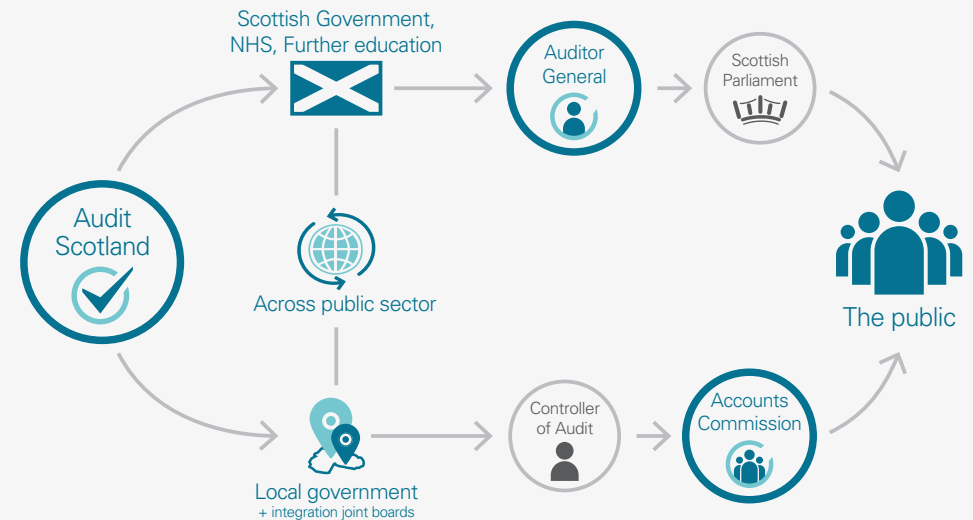
Annual report 2019/20



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.

Introduction

1. We welcome correspondence from the general public, MSPs, MPs and councillors. People correspond with us on a range of matters about the Scottish public bodies we audit, and this can be a valuable source of information for our audit work. They may want to raise an issue of concern or make a [whistleblowing disclosure](#); have an enquiry about our audit work; or raise an [objection to a local government body's account](#).
2. This report sets out information about the correspondence we received during 2019/20, including the volume, which sector it relates to, and performance against our target response times. At the time of reporting, like every other private, public and charity organisation across the UK, we have been working hard to manage the significant disruption during the COVID-19 pandemic. We continue to respond to correspondence and endeavour to maintain our target response times.
3. We consider issues of concern as part of our [Code of Audit Practice](#). The Code states that the key factor in determining whether we examine an issue of concern is its relevance to Audit Scotland's role and functions.
4. [Freedom of information](#) requests are covered in a separate annual report, along with complaints about Audit Scotland.



Whistleblowing

Under the Public Interest Disclosure Act 1998, people can raise concerns about an organisation with 'prescribed persons', e.g. independent regulators. The Auditor General, the Accounts Commission and Audit Scotland are prescribed persons. Statutory reporting about whistleblowing disclosures came into effect on 1 April 2017. This report covers whistleblowing disclosures during 2019/20.



Objections to local government accounts

Auditors appointed by the Accounts Commission have specific duties to consider formal objections to the accounts of local government bodies which are raised by members of the public.



Freedom of information

Audit Scotland also responds to Freedom of Information (Fol) requests. Our Corporate Governance team handles and reports on these.

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

Key messages

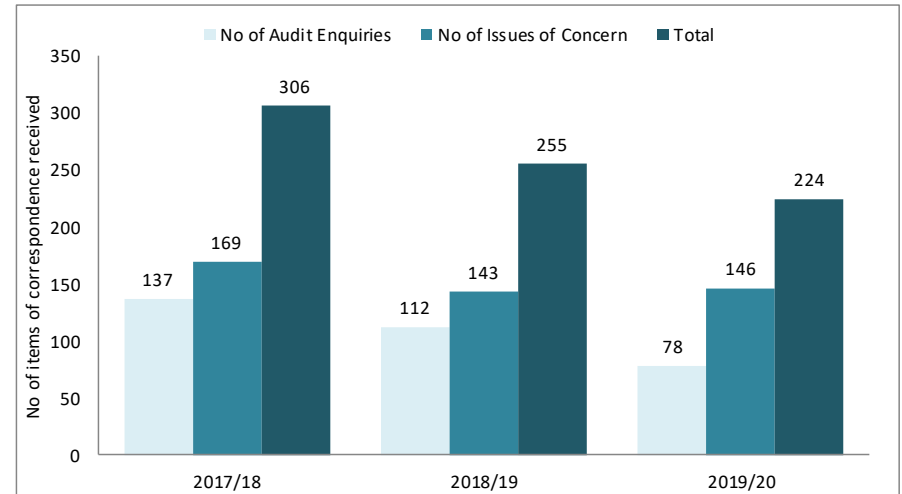
- We dealt with 231 correspondence cases in 2019/20. This includes 146 issues of concern, 19 of which were whistleblowing disclosures. Almost half (48 per cent) related to the local government sector, 44 per cent to central government, and eight per cent were about the NHS.
- During 2019/20, 61 per cent of concerns was used as either audit intelligence or explored as part of our audit work. Contract management and grant funding were commonly raised issues.
- Public expectation about Audit Scotland's role in dealing with correspondence continues to grow. The issues that people raise with us are also becoming more complex.
- Performance against our targets remains high. During 2019/20, we acknowledged 98 per cent of issues of concern within our target of five working days. We issued a final response within our target of 30 working days for 96 per cent of cases.

Correspondence in 2019/20

The volume of correspondence fell slightly in 2019/20 however the complexity of cases continues to increase

5. In 2019/20, we received 224 cases of correspondence (**Exhibit 1**). This consists of :
 - 78 enquiries about our audit work
 - 146 issues of concern, which includes whistleblowing concerns and objections to accounts.
6. We also carried forward seven cases that were still in progress on 1 April 2019, bringing the total we dealt with in 2019/20 to 231.
7. Members of the public raised almost 91 per cent of the concerns we received. MSPs/MP and councillors raised nine per cent of concerns, a slight decrease on last year.¹
8. Enquiries about our audit work include requests for further data from performance audit reports, questions about legislation and information about the role of public bodies. There continues to be public interest following publication of our report on Transport Scotland's ferry services in October 2017. We had several enquiries, before and after publishing our *Early Learning and Childcare: Follow Up*, in March 2020.

Exhibit 1. Volume of correspondence received, 2017/18 to 2019/20



Note: This exhibit does not include the seven open cases carried forward from the previous year.

1. We received one issue of concern from an MP.

Correspondence in 2019/20

Whistleblowing

9. Audit Scotland, the Auditor General, the Accounts Commission and the auditors they appoint, are prescribed persons under the Public Interest (Prescribed Persons) Disclosure Order (2014). Workers (as described by the guidance) can raise disclosures about fraud, corruption or wrongdoing within the public bodies we audit. Our role is to provide workers with an alternative method for making a protected disclosure where they do not feel they can contact the public body directly.
10. Whistleblowing cases are reported in the overall number of issues of concern we receive. In 2019/20, we received 19 whistleblowing disclosures, a slight decrease on the 22 in 2018/19. The breakdown by prescribed person is as follows:
 - Auditor General – 14
 - Accounts Commission – 5.
11. We take our whistleblowing responsibilities very seriously and have a process in place to ensure we deal with disclosures appropriately.
12. Audit Scotland, the Accounts Commission and the Auditor General and the auditors they appoint do not have the power to issue fines or enforcements on the public bodies we audit. The guidance does not place any additional power or duty on 'prescribed persons' and we do not have a legal obligation to act on a whistleblowing disclosure.

Outcomes for whistleblowing disclosures

Six disclosures were included as part of routine audit work

Four disclosures did not warrant an investigation but were considered as useful audit intelligence

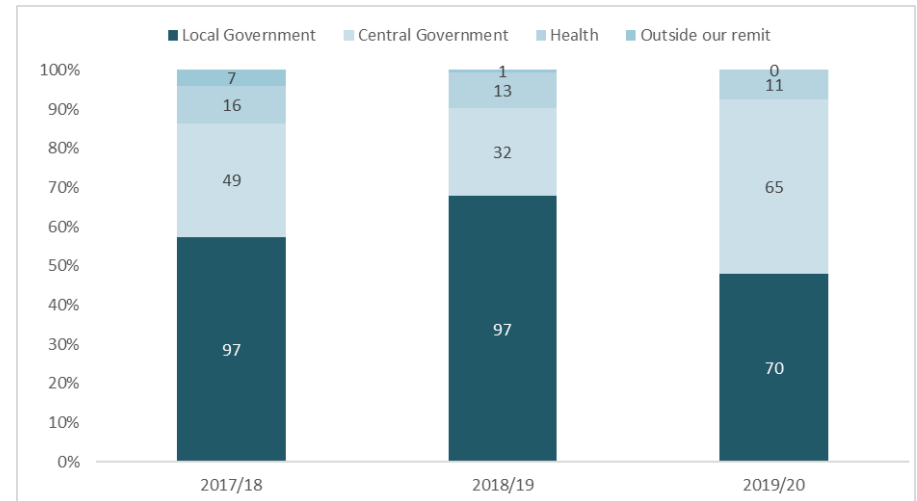
Nine cases were not able to be actioned because there was insufficient information, or no contact details were provided to help us clarify matters raised with us. Nonetheless we shared these with the auditors for information

Correspondence in 2019/20

Issues of concern

13. All but one of the concerns we received in 2019/20 were about public bodies we audit. 70 concerns (48 per cent) related to the local government sector, 65 concerns (44 per cent) related to the central government bodies and 11 (8 per cent) to NHS bodies (**Exhibit 2**). The distribution is consistent with previous years, but we received more concerns about central government bodies in 2019/20 than in the previous two years.
14. Qualitative information suggests concerns are increasing in complexity, for example many of this year's concerns were about complicated processes of grant funding or involved more than one public body. The time we spend dealing with concerns is also increasing. As set out in our policy, we aim to deal with all correspondence in a timely manner and have the same response targets regardless of complexity of each case. We discuss our performance on **page 10**.

Exhibit 2. Number and percentage of concerns by sector 2017/18 to 2019/20



Local government issues of concern 2019/20

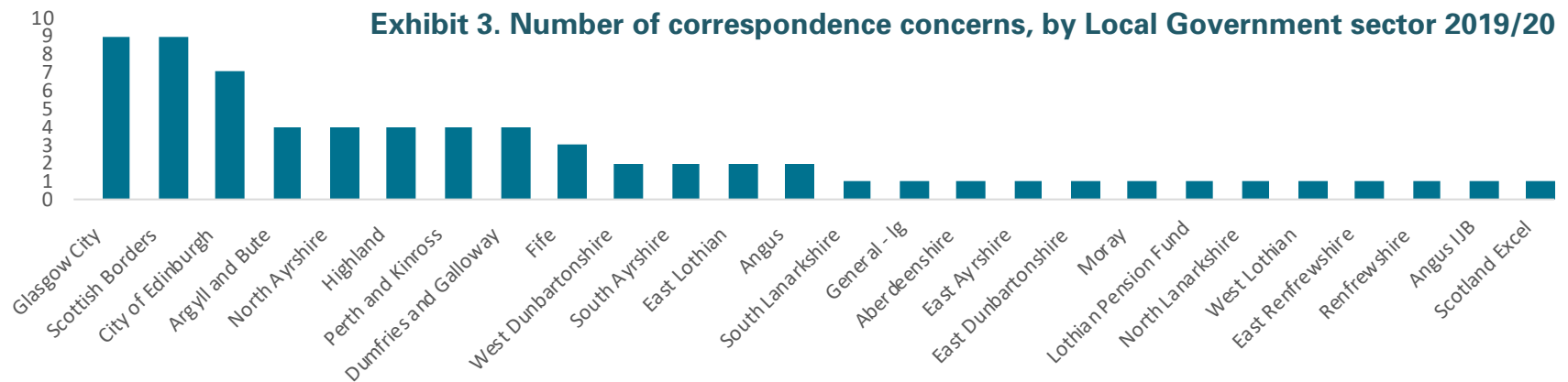
Over two-thirds of concerns were about local government bodies

15. Most of the 70 local government issues of concern we received were about councils and two were about Integrated Joint Boards (IJBs) (**Exhibit 3**). This includes 11 objections to accounts including four about Scottish Borders Council's accounts (relating to the same issue) and three about Glasgow City Council's (relating to the same issue), and one each for Angus Council, Lothian Pension Fund, City of Edinburgh Council and North Ayrshire Council.

16. The councils with the highest proportion of concerns raised in 2019/20 were Glasgow City (13 per cent), Scottish Borders (13 per cent) and City of Edinburgh (10 per cent). Glasgow City, City of Edinburgh and West Dunbartonshire councils accounted for the highest percentages of concerns in the local government sector in 2018/2019.

There are some recurring themes in the correspondence received about local government. Of note this year were concerns about:

- procurement and management of contracts
- grant funding
- housing services
- HR policies
- capital projects
- governance of ALEOs
- council tax.



Note: General LG is used to record concerns that are raised about councils in general, rather than a specific one.

Central government and NHS issues of concern 2019/20

17. We received 65 items of correspondence relating to 18 central government bodies (**Exhibit 4**). The bodies with the highest proportion of concerns were Scottish Government (25 per cent) and Highlands and Islands Enterprise (18 per cent). Scottish Government and Transport Scotland accounted for the highest percentages of concerns in the central government sector in 2018/19.

18. We received 11 items of correspondence relating to six NHS bodies (**Exhibit 5**). The health boards with the highest proportion of concerns were NHS Greater Glasgow and Clyde (36 per cent), and NHS Ayrshire & Arran and NHS Lothian (both 18 per cent). NHS Greater Glasgow and Clyde, NHS Fife and NHS Highland accounted for the highest percentage of concerns in the NHS sector in 2018/19.

There were some recurring themes in the correspondence received about central government bodies. These included:

- management of contracts
- management of Cairngorm mountain
- grant funding
- financial management.

Although fewer concerns were raised about NHS bodies, recurring themes included:

- capital projects
- HR policies
- NHS drugs
- NHS locums.

Exhibit 4. Number of correspondence concerns, by Central Government bodies 2019/20

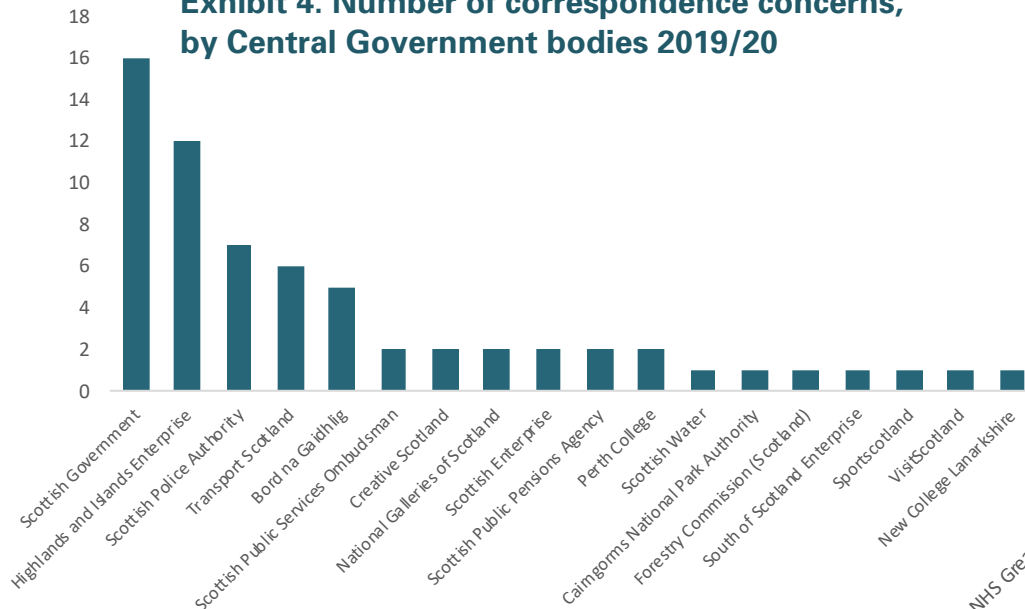
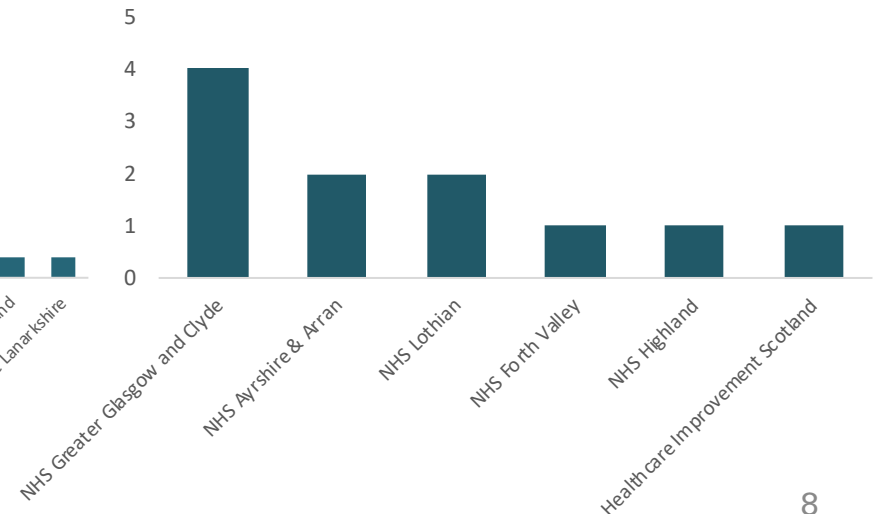


Exhibit 5. Number of correspondence concerns, by NHS body 2019/20



Outcomes for correspondence 2019/20

We use correspondence to inform our audit work

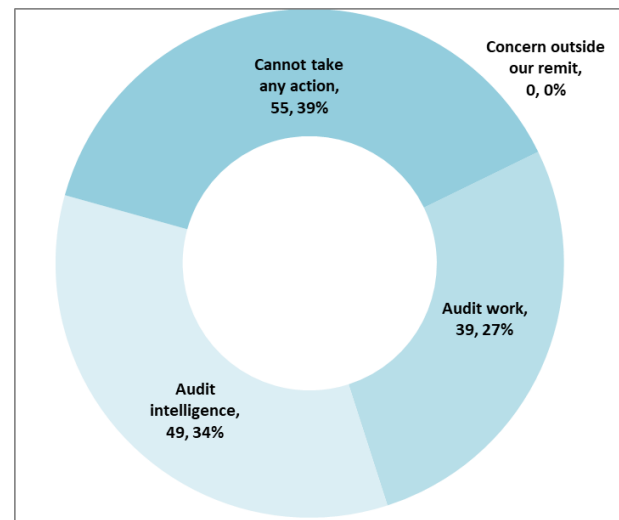
- Audit Scotland's correspondence team shares all correspondence with the relevant audit teams to ensure they have oversight of all the concerns people contact us about.
- The correspondence team, in conjunction with auditors, use their technical and professional judgement to decide what action to take. While we recognise that issues that correspondents raise are important to them, we must ensure we use our resources carefully and that public money is not spent looking at issues that are not relevant to audit work.

- We always advise the correspondent of the four potential outcomes from their contact with us (**Exhibit 6**).
- We use the correspondence to add to our knowledge of public bodies, and most issues of concern inform audit work in some way. Issues raised in almost two-thirds of concerns were included in audit work or used as audit intelligence (**Exhibit 7**).
- We use relevant intelligence from correspondence when planning audit work and in developing our programme of performance and best value audits. For example, auditors have used information about contract management, raised through correspondence, when planning their work on governance arrangements and approval processes.

Exhibit 6. Outcomes for correspondence



Exhibit 7. Outcomes for 2019/20 correspondence



Our performance in 2019/20

We performed well in relation to target response times

24. We have two key performance targets relating to response times for concerns. These are that we aim to acknowledge receipt of all concerns within five working days, and to provide a final response to all within 30 working days.

25. During 2019/20, we acknowledged 98 per cent of concerns within five working days and 96 per cent received a final response within 30 working days (99 per cent and 98 per cent respectively in 2018/19). We took longer than 30 days to give a final response to five concerns. These were complex cases which required additional work. We informed the correspondents of the delayed timescales.

26. The cost for 2019/20 was around £148,000. This includes time spent by our correspondence team, training and some of the auditors' input. The overall cost will be higher, as some auditors who consider concerns record their time on this as part of the annual audit.

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