

International work

Annual report 2020/21



Contents

Introduction	4
International work 2020/21	5
Looking forward	8

Introduction

The economic, social and health impact that the Covid-19 pandemic has had on society has been profound and its consequences are likely to be felt for many years to come. It is the biggest personal and professional challenge that many of us have experienced in our lives.

Like every other organisation around the globe, Audit Scotland has had to significantly changed the way it operates in response to Covid-19. Our international work has moved away from physical meetings to make more use of teleconferencing and virtual meeting with colleagues from across the globe. We have also refocused our international activities to help us better understand and manage the implications of Covid-19 on our work and on the bodies which we audit. Continuing to share knowledge and good practice in our international work was a key strand of our approach.

In early 2020, Audit Scotland along with the other UK audit bodies established the Home Nations Covid-19 group. This allowed us to share ideas and to facilitate better joint working of the UK's four public audit bodies on the impact of Covid-19 on our audit work. Audit Scotland also joined up with our partners in the other European national and regional public audit institutions to consider the many impacts Covid-19 is having on public audit and public services. This gave us access to a network of public audit organisations all of which were coping with the same challenges as us, such as, how best to conduct audit work remotely. It also gave us insights into the various ways the pandemic is impacting on public services in different parts of the world.

Despite the challenges of the pandemic, we felt it was essential that Audit Scotland remained an open and outward-looking organisation promoting good governance and the effective use of public resources internationally. We did this by working with organisations such as the Organisation for Economic Co-operation and Development OECD and the Westminster Foundation for Democracy with whom we continued to help other nations to improve and build their public audit institutions.

We will be reviewing our international strategy during 2021 to reflect the changing circumstances that Covid-19 has created. Whatever the future brings, we remain as keen as ever to continue connecting, sharing, and learning from our colleagues from around the globe.



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Interim Director of Performance Audit and Best Value and Controller of Audit



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International work 2020/21

Working with the other UK audit bodies

1. Audit Scotland works closely with other UK audit bodies on areas of joint interest such as improving audit quality. Much of this work is conducted through the Public Audit Forum (PAF). During 2020 Audit Scotland worked with the UK's other three audit agencies as part of the Home Nations Covid-19 group. The group's purpose is to facilitate better joint working on the impact of Covid-19 on our financial and performance audit work. As part of that work Audit Scotland has been liaising with the other UK audit bodies on several areas of shared audit interest such as local government finance during the pandemic, support for children's education during Covid-19 lockdown and supply of Personal Protective Equipment (PPE).



Working with our European partners

2. Audit Scotland worked closely with European partners on areas of shared interest during 2020/21. EUROSAI (European Organisation of Supreme Audit Institutions) is one of the regional groups of the International Organisation of Supreme Audit Institutions (INTOSAI). EUROSAI membership stands at 50 audit institutions (49 European States and the European Court of Auditors). Under the auspices of the National Audit Office (NAO), Audit Scotland was invited to participate on two working groups that are examining the impact of Covid-19 on financial and performance audit work. Both working groups met for the first time in early December 2020. Our participation allowed us to compare our response to the pandemic with other European countries.



3. All participants agreed that the roundtable discussions were worthwhile. It is hoped that this will be the first of other collaborative projects between Audit Scotland and EUROSAI members. Our participation in the group has led to us being invited and participating in a second meeting on EUROSAI's Covid-19 financial audit response which took place in March 2021. We have also been invited to submit suggestions for future meetings of the group.

4. Our participation in EUROSAI's Covid-19 impact working groups has given us access to EUROSAI's Benchmarking Information Exchange Project (BIEP). EUROSAI members use BIEP to share information on a range of projects. We will use BIEP to assist financial and performance auditors to scope audit work, identify good practice and to make audit recommendations.

Sharing knowledge with international organisations

5. In early November 2020, the Organisation for Economic Co-operation and Development (OECD) invited Audit Scotland to moderate a meeting by the OECD on fraud prevention in social welfare payments at times of crisis. This invitation by the OECD demonstrates the international reach and impact of Audit Scotland's counter fraud activities. The OECD invitation came on the back of other recognition of our counter-fraud activities by several public audit organisations such as Audit Wales and Western Australian Government.



6. In June 2020 we met with public management students from the University of Linz in Austria. Our presentation to this group focused on public audit in Scotland, how we work with the Scottish Parliament and the work done by the Accounts Commission in local government. After the event, Professor Cecon and the students wrote back to say how impressed they were with Audit Scotland's work programme, our openness, and professionalism.

Supporting public audit around the world



7. In February 2021 Audit Scotland received an invitation from the Westminster Foundation for Democracy (WFD). The WFD is an agency of the UK's Foreign and Commonwealth Office and is tasked with supporting democracy throughout the world.

8. The WFD asked Audit Scotland to attend a conference in Montenegro on the role of public auditing in democratic nations. The invitation came on the back of important work that Audit Scotland had done previously with the WFD in Montenegro. Our presentation covered several areas including:

- The role of public audit in mature democracies to hold to account, scrutinise, provide assurance, and recommend improvements to public bodies.
- Audit Scotland's approach to working with the Scottish Parliament, which allows us to do our work without fear or favour, whilst still maintaining good working relationships with both the bodies we audit and Parliament.
- Recent examples of where our audit work made real improvements to Scotland's public bodies.

9. In December 2020 Fraser McKinlay, Audit Scotland Director of Performance Audit and Best Value attended ACCA's Public Sector Conference which was held virtually with hundreds of ACCA members from around the world. He gave a presentation on Audit Scotland's approach to auditing the UN's Sustainable Development Goals. He also participated in a keynote speaker panel session which included the Auditor General of National Audit Office of Finland, Inspector General in the Supreme State of Audit Cameroon, and the Deputy Auditor General of Afghanistan.

Improving the quality of our work

10. Almost all international work conducted in 2020/21 has been directly or indirectly related to improving the quality of Audit Scotland's work. This section considers other specific areas where international work is helping to improve audit quality.

11. Audit Scotland subscribes to the Canadian Audit and Accountability Foundation's database, which we use to access internationally produced work that can help inform our own work. In 2020/21 this included work around climate change and the United Nations' Sustainable Development Goals.

12. Audit Scotland's participation in EUROSAl's Covid-19 impact working groups has given us access to EUROSAl's Benchmarking Information Exchange Project (BIEP) through which EUROSAl members share information on a range of projects. We are currently exploring how BIEP could be used to assist financial and performance auditors to scope audit work, identify good practice and to make audit recommendations.



Exhibit 1

International public bodies with which Audit Scotland interacted during 2020/21



Looking forward

- 13.** During 2021 we will be reviewing our International Strategy to reflect the changing context created by the Covid-19 global pandemic and to ensure that it aligns with Audit Scotland's new Strategic Improvement Programme ('Our Plan'). In doing so our focus will be on ensuring that our approach to international work helps to improve the way we conduct work in line with our World Class audit ambitions. We will also continue to share our knowledge and expertise with others to support effective public audit and good governance around the globe.
- 14.** We anticipate the following themes featuring as areas of focus in our new International Strategy:
- We use knowledge of overseas good practice to scope our audits and shape our recommendations to increase their impact.
 - We use international audit standards and good practice networks to improve the quality of our audit work.
 - We promote our work within the UK and internationally to build good practice networks and improve as an audit organisation.
 - We aim to get as many staff involved in international work as possible to provide learning opportunities, building on their skills, and broadening the outlook they bring to our work.
 - We welcome opportunities to share our knowledge and contribute to good public governance in other countries as a way of 'giving something back'.
- 15.** Audit Scotland is committed to the principles of equal opportunity, fairness, and transparency in everything we do. We will strive to ensure that these values are embedded within our international work by working with international organisations who share similar values to ours. In the past, we have worked closely with the United Nations Board of Auditors, Organisation for Economic Co-operation and Development, and Westminster Foundation for Democracy. These are all respected organisations that share our values. We will also ensure that we carefully consider our values when arranging international visits and working with overseas audit institutions and public sector bodies.
- 16.** We will place greater emphasis on virtual meetings and teleconferencing as an alternative to physical travel to help reduce our carbon footprint.

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