

# International work

Annual report 2021/22



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# Introduction

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As in 2020/21, Audit Scotland continued to respond to the challenges and constraints caused by the Covid-19 pandemic. Most staff continued to work from home with much of the audit work conducted remotely. Most meetings, including with officers from our audited bodies and audit committees, were conducted virtually. These changes were reflected in our international work. The Covid-19 pandemic meant there were fewer opportunities to receive visitors from other countries, and fewer international events were convened in person. In response, our international work also moved away from physical meetings to make more use of teleconferencing and virtual meetings with colleagues from across the globe.

Despite the challenges of the pandemic, we felt it was important 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 EURORAI, with the aim of sharing good practice in all areas of our audit work.

In 2021, we updated our international strategy. The new international strategy focuses our approach to international work on helping to improve the way we conduct work in line with our world-class audit ambitions. Where we have the capacity to do so, we will also continue to share our knowledge and expertise with others to support effective public audit and good governance around the globe.



**Mark  
MacPherson**  
**Audit Director**  
**(Performance Audit  
and Best Value)**

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A handwritten signature in black ink, appearing to read 'Mark MacPherson'.

**Mark MacPherson**

Audit Director (Performance Audit and Best Value)

# International work 2021/22

## International strategy 2021-24

1. Our previous international strategy covered the period between 2017-20. During 2021, we updated our international strategy for 2021-24. We took the opportunity to reflect the changing circumstances created by the Covid-19 global pandemic and to align the strategy with Audit Scotland's current strategic priorities. Our new international strategy sets out the following ambitions:

- 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 as possible involved in international work to provide learning opportunities, build on their skills, and broaden 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.'
- We are committed to the principles of equal opportunity, fairness, and transparency in everything we do, and we will strive to ensure that these values are embedded within our international work.
- We will place greater emphasis on virtual meetings and teleconferencing as an alternative to physical travel to help reduce our carbon footprint.

2. The revised strategy also helps us to prepare for the post-pandemic world and hybrid working.

## Working with the other UK audit bodies

3. Audit Scotland works closely with other UK audit bodies on areas of joint interest through the Public Audit Forum (PAF). The PAF is comprised of: Audit Scotland, the National Audit Office, Audit Wales, and the Northern Ireland Audit Office. The PAF bodies meet for an annual conference which facilitates discussion of issues of joint interest. In 2021, the conference was hosted by Audit Scotland and took place virtually. All participants agreed that the conference was a productive way to share knowledge on a range of issues



including audit quality, digital auditing, risks from climate change and an analysis of future proposals on public auditing.

**4.** PAF members also meet and participate in smaller, more specialised groups to discuss specific areas of joint interest which are detailed in the paragraphs below.

**5.** During the early part of 2021, Audit Scotland continued to work with the UK's other three audit agencies as part of the PAF's Covid-19 group. The group's purpose was to facilitate better joint working on the impact of Covid-19 on our financial and performance audit work.

**6.** Audit Scotland's Professional Support<sup>1</sup> team worked with the other PAF agencies on a range of areas. This included the implementation of a new international auditing standard on identifying and assessing audit risks (ISA 315), preparing for compliance with new international standards on audit quality (ISQM 1) and improving our internal quality process by incorporating root cause analysis.

**7.** Audit Scotland's Performance Audit and Best Value (PABV) business group has in place a peer review process with the other UK and Irish audit agencies. External peer review is a vital component of a robust quality assurance process in performance audit work. By taking on feedback gathered from peer reviews, this improves how we each of the UK and Irish audit agencies undertake future performance audits.

**8.** Audit Scotland's Corporate Services Group has established good reciprocal working relationships with the other UK audit agencies. This allows Audit Scotland's Human Resources, Digital Services and Business Support teams to share knowledge and expertise with colleagues across the UK. This arrangement is particularly useful given the specialist nature of Audit Scotland's work. Some examples of this include:

- Human Resources colleagues from across all the PAF agencies shared their experiences of the employment market and ways to recruit high calibre people.
- Business Support worked with the other UK audit agencies on Covid safe workplace arrangements and hybrid working. Colleagues from across the UK met on a regular basis to share their experiences and knowledge on safety measures and discuss new ways of working.
- Audit Scotland's employee network groups, including the Disability Confident Working Group and our newly established group for colleagues from minority backgrounds, shared knowledge, good practice, and support with colleagues from the other PAF members.

<sup>1</sup> Professional Support are responsible for a range of functions including offering technical guidance to audit teams and helping to improve the quality of financial and performance audit work.

- Digital Services worked with Audit Wales to advise them on development of their new data warehouse. The project also allowed Audit Scotland colleagues to learn more about Audit Wales approach to data analytics.

**9.** Audit Scotland is working with UK and Irish colleagues on improving our audit approach and sharing good practice in important and developing areas. During the last year this has included:

- Our Digital Auditing team met regularly with the other UK and Irish audit colleagues to work on specific areas of joint interest. This included two meetings to discuss data analytics and new auditing methods to support improved performance and financial audit work. The Digital Auditing team is also working closely with the Northern Island Audit Office on a project to enhance our approach to financial audit analytics.
- Our climate change team meets quarterly with other PAF members to discuss the latest audit work being conducted on climate change. This also allows the agencies to consider whether there is any scope for joint working. The PAF members have held meetings on data, auditing public bodies and reporting requirements. They have also had early discussions about the potential to produce a joint output on climate change with the other UK auditing bodies.

## Working with our European partners

**10.** Audit Scotland has been an active member of EURORAI (the European Organisation of Regional Audit Institutions) for almost 30 years<sup>2</sup>. EURORAI is the main European body that represents the joint interests of regional audit organisations and is comprised of public audit bodies throughout Europe. EURORAI organises annual conferences where members gather to present, listen to and network with colleagues from other audit institutions. Audit Scotland is a respected member of EURORAI and is often asked to present at EURORAI's conferences.

**11.** At EURORAI's most recent conference (November 2021), held in Sarajevo, the conference theme was 'Value and benefits of regional external public sector audit institutions, especially against the background of the Covid-19 pandemic'. Richard Robinson, Senior Manager, from our Performance Audit and Best Value group, gave a (virtual) presentation on how Audit Scotland conducted its performance audit work during the pandemic, including how we audited the different impacts caused by Covid-19 and the audit outputs Audit Scotland produced in response to the pandemic.

**12.** In March 2022, Audit Scotland liaised with our colleagues from EURORAI to draft our organisational statement regarding the situation in Ukraine. Audit Scotland based our statement on the position adopted by EURORAI's Management Committee, whose statement firmly condemns the current Russian invasion of Ukraine and suspends cooperation with the member



<sup>2</sup> Audit Scotland has been a member of EURORAI since it was formed in 2000. The Accounts Commission joined EURORAI in 1993.

institutions of EURORAI in the Russian Federation. Our full statement may be found [here](#).

## Learning from other international organisations



**13.** In July 2021, the World Bank published the [Supreme Audit Institutions \(SAI<sup>3</sup>\) Independence Index](#). The report assesses 118 national audit organisations on their independence using ten indicators of audit independence. The indicators are based on international standards and include factors such as whether the audit institution has full operational independence to determine the scope of their work and to publish their reports openly.

**14.** Although Audit Scotland is not a SAI (Supreme Audit Institutions), the same indicators can be used to assess our independence. Audit Scotland's international team made its own assessment and scored Audit Scotland with the maximum score in all ten indicators.

**15.** In March 2022, Anne Cairns, Audit Scotland's Counter Fraud Manager, attended the Organisation for Economic Co-operation and Development's Global Anti-Corruption & Integrity Forum. The Forum brought together policy experts to discuss how creating different frameworks could resolve longstanding challenges on counter fraud and improving integrity, as well as issues related to the pandemic.

## Supporting public audit around the world



**16.** In December 2021, the Association of Chartered Certified Accountants (ACCA) held its Public Sector Conference. ACCA is one of the largest global professional accounting bodies with members who are in senior positions in both finance and audit. ACCA has a specific interest in promoting good governance, integrity, and ethical standards.

**17.** The conference was held virtually with ACCA members from around the world. The conference's theme was on what good leadership in public finance looks like and how finance and audit can play a leading role in aiding the long recovery from Covid-19. Stephen Boyle, the Auditor General for Scotland, attended the conference. He was interviewed, along with his counterparts from Jamaica and the Maldives, by Mike Suffield from ACCA. The interviews were well received with several thousand people signed up to view the conference online.

**18.** In March 2022, Audit Scotland's Digital Auditing team received a request for information from the Assistant Auditor General of the Taiwan National Audit Office. The Taiwan National Audit Office was interested in learning about Audit Scotland's experience of increasing the use of digital tools to conduct our audit work. The Digital Auditing team was able to share our experience which included some of our procedural documentation.

<sup>3</sup> A supreme audit institution is an independent national-level institution which conducts audits of government activities

## Improving the quality of our work



**19.** All international work conducted in 2021/22 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.

**20.** 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. We also have access to the International Organisations of Supreme Audit Institutions' Working Group on Environmental Auditing (INTOSAI WGEA) database. Audit Scotland's climate change team regularly consults both databases to maintain awareness of climate change audits carried out by other international auditing organisations, which helps to shape the team's climate change work plan.

**21.** Audit Scotland has recently gained access to the Benchmarking Information Exchange Project (BIEP). This database is administered by the Czech Republic's National Audit Office on behalf of European Organisation of Supreme Audit Institutions (EUROSAI). EUROSAI 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 and identify good practice.

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# Looking forward

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**22.** We look forward to continuing to work with our UK, European and other international colleagues. Audit Scotland's Digital Auditing team have been asked to present at this year's annual EURORAI conference in Frankfurt on 20 May 2022. The conference will take the form of a hybrid event, with some members attending in person and some attending virtually. We hope to take advantage of this format to allow colleagues who would not normally be able to attend in person to watch the conference virtually. Audit Scotland was one of only two EURORAI member organisations asked to present at the conference, with most speakers coming from external, non-member organisations.

**23.** As our staff have begun to return to our offices, we can now also look forward to welcoming delegations from other countries to our offices in Scotland. We plan to have a flexible approach with a mixture of face-to-face and virtual visits. Whatever the future brings, we remain keen to continue connecting, sharing, and learning from our colleagues from around the globe.

# International work

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Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

[www.audit-scotland.gov.uk/accessibility](http://www.audit-scotland.gov.uk/accessibility)

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