

## **Audit Scotland's annual statement on sustainable economic growth for 2014/15**

The Public Services Reform (Scotland) Act 2010, section 32(1)(a) requires listed public bodies to publish a statement on sustainable economic growth as soon as possible after the end of the financial year.

The following statement sets out the steps that Audit Scotland has taken in 2014/15 to promote and increase sustainable growth through the exercise of its functions. Further information on this and our audit work is contained in our Annual Report and Accounts 2014/15 which is on our website at [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

### **Introduction**

Audit Scotland is a statutory body that supports the Auditor General and the Accounts Commission in making sure public money in Scotland is used properly, efficiently and effectively by undertaking audits and investigations of Scottish public bodies. To ensure objectivity in our work, Audit Scotland is independent of the Scottish Government and ministers.

### **Sustainable economic growth and contribution to the Scottish Government's National Performance Framework**

Strong and effective public services play an important part in ensuring sustainable economic growth. Public audit provides assurance to financial markets, investors and key decision makers that public money is well managed and that governance arrangements for public services are sound.

Audit Scotland has an interest in the extent to which the Scottish Government is making progress against the outcomes contained in the National Performance Framework. We do this by carrying out performance, Best Value and financial audits to provide assurance that money and resources are being used properly, efficiently and effectively and to highlight areas for improvement.

We audit public bodies, with a total spend of about £40 billion a year. In 2014/15, we carried out annual audits on 184 public bodies and completed 23 performance and Best Value audits.

Our annual audit reports cover the full range of audit work done in the year, providing the audited bodies and stakeholders with a comprehensive and independent view of financial management, governance and performance in public bodies. Auditors review the financial position and sustainability of public bodies and promote good financial management and planning.

We carry out performance audits across the public sector to help public bodies improve the quality of their services, do more with their money, and find more efficient and effective ways of working to the same or better standards. Our audit reports carry recommendations for public bodies to help them improve, and we publish good practice checklists and case studies.

Examples of how, through the exercise of our audit function, we help sustainable economic growth include:

- Our report *superfast broadband for Scotland* said the public need to be given clearer information on the coverage and range of speeds that development of a superfast broadband network for Scotland will deliver. Superfast broadband is increasingly

important for homes and businesses and investment by the public sector is intended to mainly benefit rural areas, where such access is currently either low or non-existent. Given the potential benefits, it's important that the Scottish Government and HIE provide clear and regular updates on what coverage and speeds the broadband network will actually deliver, as the installation progresses.

- In our report on the *2014 Commonwealth Games* we said the games cost the public sector £37.2 million less than budgeted. The project had strong leadership and organisations worked well together. Clear legacy plans are in place and the Scottish Government and Glasgow City Council now need to build on these to ensure long-term benefits are achieved. They need to continue to evaluate the impact to ensure the Games achieves their longer-term aims such as a healthier population and better life chances for people living in the East End of Glasgow. Public funding for the Games totalled £424.5 million, £37.2 million less than expected. The use of income from sources such as ticket sales and sponsorship brought the total cost of the Games to £543 million, around £32 million less than the agreed budget of £575 million in November 2013.
- Borrowing is a major source of funding for councils to invest in key services like schools or roads. In our report *Borrowing and treasury management in councils* we said that councils have developed strategies to suit their own local priorities and needs and that links between capital investment and managing cash flows (treasury management) have been strengthened over recent years. Total debt from traditional borrowing and from Public Private Partnerships now stands at £14.8 billion. The report says scrutiny needs to be improved through better training for councillors, cutting out jargon to make reports clearer, and ensuring governance arrangements are solid.
- Our report *The Scottish Government's purchase of Glasgow Prestwick Airport* states that the process followed by the Scottish Government in its purchase of Glasgow Prestwick Airport was reasonable, and it now has to develop comprehensive plans to clearly map out potential future development of the airport. The Scottish Government bought Glasgow Prestwick Airport in November 2013 to prevent its imminent closure and safeguard what it considered to be a strategic infrastructure asset and protect the significant number of jobs associated with the site. However, the report highlights that the Scottish Government should have been clearer in some areas, including modelling the potential withdrawal of Ryanair and fully quantifying the economic benefits of the purchase.
- Audit Scotland manages the National Fraud Initiative (NFI) in Scotland, which brings together auditors and public bodies to identify public sector fraud and error. We compare information from public sector in areas such as housing benefits, payrolls, pensions, disabled parking permits and council tax records. Since the NFI started in 1996, this has helped bodies identify overpayments made through fraud and error worth £94 million in Scotland and over £1 billion across the UK. Effective fraud arrangements can also act as a deterrent.

All our reports are published on our website at [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

Audit Scotland also contributes to sustainable economic growth and the Scottish Governments National Performance Framework as an employer. For example:

- This year staff received an average of 5.36 days training and personal development to increase knowledge, skills, efficiency and effectiveness. We run one of the largest

public sector accountancy training schemes in Scotland. We have 47 trainees and staff working towards professional qualifications thereby increasing the skills base of Audit Scotland, and Scotland in general. This year we also recruited our first modern apprentice.

- We continued to focus management and professional medical support to staff well-being and attendance. In 2014/15, our sickness absence was on average 4.59 days which was an improvement on last years figure of 5.99 days per employee, which is well under the public and private sector average of 7.9 and 5.5 days respectively. This further reduction demonstrates that our focus on staff wellbeing is successful.
- We have offices in Edinburgh, Glasgow and Inverness and have many staff located in audit sites across the country, making a contribution to many local economies.
- In October 2014 we organised our largest ever international event when we hosted the EURORAI conference in Edinburgh. About 120 delegates attended from across Europe to discuss the key theme of the challenges for public auditing in a period of austerity. In addition to the learning benefits derived from the conference, the visit also allowed the delegates to take the time to appreciate the city of Edinburgh and to make use of its commercial and leisure opportunities and in particular its hospitality, transport and shopping facilities, bringing both commercial benefits and international goodwill.

Audit Scotland set a target in June 2010 to reduce our carbon footprint by 20 per cent, or 107 tonnes of CO<sub>2</sub>, within five years. By December 2014 we had already achieved more than double this with a 41 per cent reduction in CO<sub>2</sub> emissions. This was due to rationalising offices, better use of technology, reducing car travel mileage and introducing a greener fleet. The move from two older offices to a single Edinburgh headquarters in 2015 will bring significant long term benefits.

We are now developing our carbon management plan for the next five years.

Not all of the work that we do is carried out by Audit Scotland staff. We contribute to economic activity by appointing firms of accountants to carry out audits on behalf of the Auditor General and the Accounts Commission and specialists to contribute to performance audits. This amounted to £5.1 million this year.