

holding to account and helping to improve

audit  
scotland  
annual  
report

2009 | 10

## Who we are

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Audit Scotland is a statutory body that carries out audits and investigations for the Auditor General for Scotland and the Accounts Commission.

The Auditor General for Scotland secures the audit of the Scottish Government and other public bodies in Scotland, except local authorities. He investigates whether bodies achieve the best possible value for money and adhere to the highest standards of financial management. The Auditor General is independent of the Scottish Government and the Scottish Parliament.

The Accounts Commission secures the audit of local authorities and fire and police boards, and investigates whether they spend public money properly and effectively. It is independent of both central and local government. Commission members are appointed by Scottish ministers.

### WHAT WE DO

We help the Auditor General and the Accounts Commission to ensure public money in Scotland is used properly, efficiently and effectively. We do this by carrying out financial and performance audits of various aspects of how public bodies work. We audit public bodies, with a total spend of more than £36 billion a year, and audit the majority of devolved public services in Scotland.

## Our vision

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On behalf of the Auditor General and the Accounts Commission, we will provide assurance to the people of Scotland that their money is spent appropriately and we will help public sector organisations in Scotland to improve and perform better.

## Our objectives

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### HOLDING TO ACCOUNT

We will conduct excellent risk-based audits of the public sector and report on them in public.

### HELPING TO IMPROVE

We will systematically identify and promote good practice to help public bodies to improve.

## Our priorities

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Deliver more streamlined audit in partnership with other scrutiny bodies.

Maximise our contribution to the improvement of public services.

Increase the impact of our work.

Become a centre of excellence for public audit.

Improve the transparency of our costs and governance arrangements.

## Our stakeholders

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The Scottish Parliament

The people in Scotland

The Scottish Government

All Scottish public organisations

## Our resources

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293 whole-time equivalent staff as at 31 March 2010.

£20.4 million from: public bodies for audits of their financial reports; bank interest; and miscellaneous income.

£7.2 million direct funding from the Scottish Parliament.

Eight private firms of accountants appointed to carry out about half of the annual audits on behalf of the Auditor General for Scotland and the Accounts Commission.

## Our history

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Audit Scotland was established in 2000 under the Public Finance and Accountability (Scotland) Act 2000. This followed devolution from Westminster to Scotland and the establishment of the Scottish Parliament in 1999.

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# Auditor General and Chair's message



## Auditor General and Chair's message

We are responding to the new, challenging environment for public finances in three ways. We are working to ensure that the annual audits of all public bodies address the major risks and performance issues; we are revisiting our programme of performance audits to ensure that these continue to be relevant in the current climate; and we are taking action to reduce our own costs and the costs to public bodies of our work.

One of our major reports in 2009/10 was as much about looking forward to the future risks facing the public finances as it was about looking back. Its publication was timely, however. *Scotland's public finances: preparing for the future* has promoted widespread debate and discussion about how to prepare for the financial challenges that lie ahead for the public sector in Scotland. As you will see from this annual report, much of our work throughout the year has been about

helping Scotland's public bodies identify areas of improvement, to help them get through tough economic times.

At the same time, the streamlining of public sector scrutiny is beginning to deliver results. On behalf of the Accounts Commission, and together with HM Inspectorate of Constabulary for Scotland, we have carried out our first joint scrutiny reviews of police forces and boards. Our plans for more streamlined and targeted Best Value audits of local authorities have been piloted and are about to be implemented.

The quality and relevance of our work has led to our reports being used ever more frequently in the Scottish Parliament, including providing MSPs with the basis for parliamentary questions. This has led to invitations for Audit Scotland to give evidence to parliamentary committees across a wide range of issues.

This year we have received 250 requests from people wanting us to look at a number of high profile issues, often

of a controversial nature. We examine all such requests. We are acutely aware, however, that we have to judge carefully our use of resources, and consider whether the issue itself is appropriate for Audit Scotland to examine further and, if so, whether the timing is right.

This annual report reflects our new corporate plan, 2009-12. While reporting our work in the usual way, we have used case studies to highlight particular areas of the work that we did to help us meet our corporate plan priorities during the past year.

We were pleased with the aspects of the Public Services Reform (Scotland) Act 2010 that have helped us refresh our governance arrangements and equip us to respond even more efficiently to the challenges ahead.

**ROBERT W BLACK**  
Accountable Officer and  
Auditor General for Scotland

**JOHN BAILLIE**  
Chair of Audit Scotland Board

Robert W Black (left), Accountable Officer and Auditor General for Scotland,  
and John Baillie, Chair of Audit Scotland Board

# highlights

215 final annual audit reports produced 23 performance audit and Best Value reports published 100% of audits completed on time 881 separate reports produced for the 215 public bodies audited 97.1% of local government and 90.1% of central government bodies think our auditors provide 'a high-quality audit service' Named 52nd in *The Sunday Times* '75 Best Places to work in the Public Sector in the UK' Presented to 39 seminars, conferences and training events and 9 groups of overseas visitors to Audit Scotland Served on 52 external bodies and working groups Website re-awarded Shaw Trust 'Accessible Plus' accreditation

## The Scottish Parliament and the Accounts Commission

### PUBLIC REPORTING PROGRAMME

We conduct performance audits covering the entire public sector to help public bodies improve the quality of their services, do more with their money, and find lower cost ways of working to the same standards. These audits are carried out by us on behalf of the Auditor General or the Accounts Commission or both. We publish reports on the results and help provide assurance to the public and to decision-makers that public money is being spent properly.

In 2009/10, we published reports on 23 national and Best Value performance audits. These were as follows:

- 6 Across-government audits
- 2 Central government audits
- 4 NHS audits
- 8 Best Value in local government audits
- 3 Local government audits.

### IMPACT

Our report for the Auditor General, *Scotland's public finances: preparing for the future* was significant. The Scottish Parliament's Public Audit Committee asked the Parliament's Deputy Presiding Officers to look at recommendations made in the report, and also highlighted the report to the Parliament's Finance Committee. Audit Scotland is now working with the Parliament to help them address the recommendations. The report has been cited in more than 100 separate items of media coverage. It was downloaded 3,032 times in the three weeks following its publication and it has been widely discussed at conferences and seminars.

Almost all of our reports carry recommendations for public bodies to help them improve, and we also publish good practice checklists and case studies. For instance, our

*Review of orthopaedic services* found that if the health boards with the lowest orthopaedic activity levels met the national average, the NHS in Scotland could perform another 3,700 procedures a year. It also found scope for £9 million in efficiency savings through better case management, and £2 million in cash savings through better purchasing of hip and knee implants. Similarly, *Improving public sector purchasing* recommends that public bodies increase their joint buying of goods and services. It points out that while the NHS has set up 150 collaborative purchasing contracts and saved £54 million over two years, central and local government bodies have set up only 45 between them and have scope to make significant savings.

After *Managing the use of medicines in hospitals: follow-up review* was published, the Chief Pharmaceutical Officer for Scotland wrote to all NHS boards asking for progress reports against the report's self-assessment checklist. In the three months following the publication of *Asset management in local government* nine councils formally agreed action plans for meeting the report's recommendations.

The Public Audit Committee held evidence sessions on four of our reports, *Overview of mental health services*, *Review of Cairngorm funicular railway*, *Progress report on planning for the delivery of the XX<sup>th</sup> Commonwealth Games 2014*, and *Overview of the NHS in Scotland's performance 2008/09*. The committee called the relevant Scottish Government accountable officers and other witnesses to give evidence and answer questions about issues raised in the reports. The committee also asked for written evidence from accountable officers for four other reports published during the year, as well as two Section 22 reports and one report from the 2008/09 year.

As well as supporting the work of the Public Audit Committee, Audit Scotland staff gave evidence to a

number of different Parliamentary committee inquiries (see case study one on pages 8 and 9).

During 2009/10, the Accounts Commission also produced findings on nine of our reports, *An overview of local government in Scotland 2009*, and the following Best Value reports: *Dundee City Council BV2 pathfinder audit*; *West Dunbartonshire Council update on progress report*; *Tayside Police and Tayside Joint Police Board*; *Aberdeen City Council progress report*; *West Dunbartonshire Council progress report*; *East Dunbartonshire Council*; *South Ayrshire Council*; and *Glasgow City Council progress report*.

This year our reports and podcasts were downloaded 292,084 times from the Audit Scotland website. We supply reports and findings in various formats.

We have a framework for assessing and reporting on the longer-term impact of our work, which provides a wider picture of the value of audit. The four areas where we expect our work to have an impact are: assurance and accountability, planning and management, economy and efficiency, and effectiveness and quality.

We now routinely prepare impact reports, and summaries of these are published on our website. In 2009/10, we published 15 impact reports.

A list of all the reports we published in 2009/10 appears in the Appendix and all our reports are on our website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

### QUALITY

All of our national reports follow our project management framework and are conducted in line with our performance audit standards. We also seek independent comment and scrutiny of our work. We set up project advisory groups for our performance audit reports, involving experts in the subject area to give feedback on the direction and accuracy of our reports. In 2009/10, we also ran a pilot project

**23**

**number of performance reports published in 2009/10**

**5**

**number of S22s in 2009/10**

**1**

**Controller of Audit report in 2009/10**

in which the National Audit Office (NAO) peer-reviewed three reports we published in the 2008/09 year. The NAO review said our reports were well structured and written, and clear and easy to understand. The reports had sound information and analysis, and the recommendations flowed logically from the findings. The review suggested including more details about research methods and improving some aspects of the reports' design to make them easier to read. In response to these recommendations we have altered the format of our reports to make them easier to read and are considering including methodology appendices in our future reports or on our website.

**HIGHLIGHTING ISSUES FROM ACCOUNTS**

One of our roles in assuring the public about how well public bodies spend money is to highlight significant issues arising from the annual audits for the attention of the Scottish Parliament and Accounts Commission.

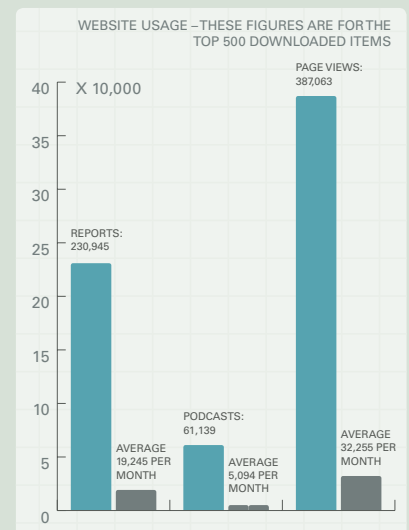
In the case of the Scottish Parliament, the Auditor General issues reports under Section 22 of the Public Finance and Accountability (Scotland) Act 2000. We presented five Section 22 reports to the Scottish Parliament on: Mental Health Tribunal for Scotland Administration (MHTSA), Transport Scotland, Registers of Scotland, the Royal Botanic Garden Edinburgh, and Stow College.

The Scottish Parliament's Public Audit Committee held evidence sessions on our Section 22 reports on Registers of Scotland, MHTSA, and Transport Scotland. The committee held a joint evidence session on the latter two, summoning senior Scottish Government officials to discuss matters relating to severance payments and pension contributions for people who were leaving their organisations.

In the case of the Accounts Commission, the Controller of Audit issues statutory reports on local authorities to the Accounts

Commission. The Controller of Audit issued one report in 2009/10, on Shetland Islands Council.

Please note that although these reports were published in the 2009/10 year, they are on the audits of previous years. All the Section 22 and Controller of Audit statutory reports we have published are on our website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)





# maximise

our contribution to the improvement of public services

### Case study: **maximise** our contribution to the improvement of public services

The past year has seen us continue to expand the ways in which we help the public sector and decision-makers improve public services and get the most out of public money.

In 2009/10, we increased our work with committees and working groups in the Scottish Parliament in addition to our normal reporting relationship with the Public Audit Committee.

Audit Scotland staff gave evidence and briefings to several other Scottish Parliament committees and groups. Examples include:

- the Health and Sport Committee during their inquiry into primary care out-of-hours services in rural Scotland. The committee called Audit Scotland as a

witness because of our 2007 report, *Primary care out-of-hours services*

- the Education, Lifelong Learning and Culture Committee on local authority funding of education and children's services as part of the committee's scoping of an inquiry into education funding
- the Local Government and Communities Committee on our report, *Overview of the local authority audits 2008*
- the Equal Opportunities Committee on its inquiry into the economic impact of migration and trafficking
- and the Cross-Party Group for mental health about our report *Overview of mental health services* (see case study two on pages 12 and 13).

Deputy Auditor General, and Controller of Audit, Caroline Gardner and staff from our health public reporting team also helped the Health and Sport Committee in their scrutiny of the draft Scottish Budget for 2010/11 by briefing members at informal meetings, including the committee's work planning day.

We are extending our work with the Scottish Parliament following the publication of our report *Scotland's public finances* in November 2009. In this report we made a number of recommendations about the Scottish Parliament's role in scrutinising the government's spending plans. We are working with the Public Audit Committee on how we can support those recommendations, starting with more systematic scrutiny of the whole of Scottish Government accounts.





Audit Scotland staff members Graeme Greenhill (left), Angela Cullen, Dick Gill and Fiona Kordiak at a Scottish Parliament committee

“ The past year has seen us continue to expand the ways in which we help the public sector and decision-makers improve public services and get the most out of public money. ”



## Best Value in public services

This year we completed for the Accounts Commission the first round of Best Value (BV) reviews of Scotland's 32 councils and launched Best Value 2 (BV2), a new, more streamlined system for scrutinising councils, police boards and other local authorities.

In BV2, we are working with other public sector scrutiny bodies to coordinate our work more effectively. This will cut down the time and effort local authorities spend preparing for inspections and audits, and reduce duplication of work by the scrutiny bodies.

### THE END OF BV AND REVIEW

BV was launched in 2003/04, with the first report published in September 2004. In 2009/10 we published our final BV reports, with first-time reports on South Ayrshire and East Dunbartonshire Councils

as well as three progress reports on other councils.

We also published *Making an impact: an overview of the audits of Best Value and Community Planning 2004-09*. This allowed us to review the first round of BV audits and to consult local authorities and other stakeholders on the impact of BV auditing in holding councils to account and helping them to improve.

The consultation found that the BV process has had a positive impact on local government in Scotland and has given the public, for the first time, an overall picture of how well their councils are performing. It also found that the best-performing councils are those with effective political and managerial leadership and that good performance management is essential to improving services.

These findings and other changes to public sector scrutiny have given us a good base for developing BV2.

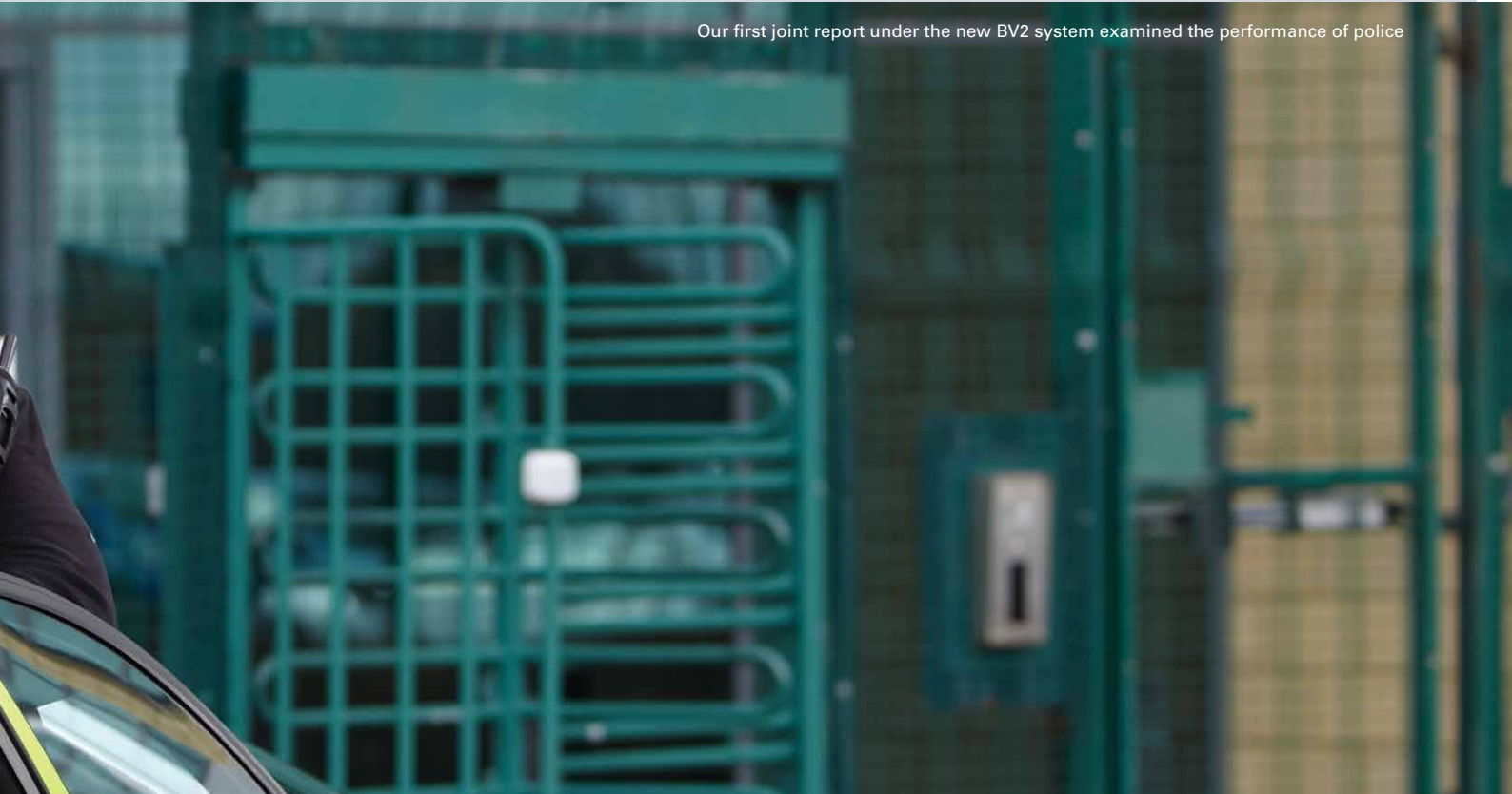
### BV2 AND JOINT SCRUTINY CODE OF PRACTICE

Audit Scotland has worked with representatives from several other scrutiny bodies, including HM Inspector of Education, the Social Work Inspection Agency, NHS Quality Improvement Scotland, the Care Commission and the Scottish Housing Regulator, and signed up to a joint scrutiny code of practice.

The code sets out the arrangements for cooperation between the bodies involved. Under it, scrutiny will change from standard inspections of all bodies undertaken on a cyclical basis, to a tailored approach for each body based on their individual circumstances and risks (see case study three, pages 14 and 15).

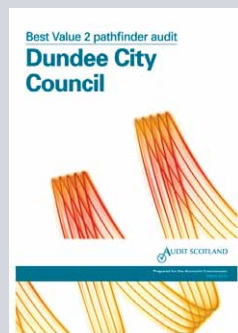
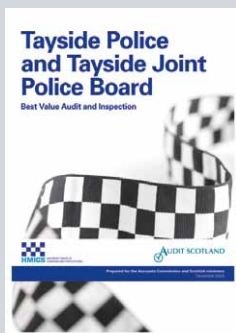
In December 2009, we published the first report under these new arrangements, working with HM Inspectorate of Constabulary for Scotland to report on Tayside Police and Tayside Joint Police Board.

Our first joint report under the new BV2 system examined the performance of police



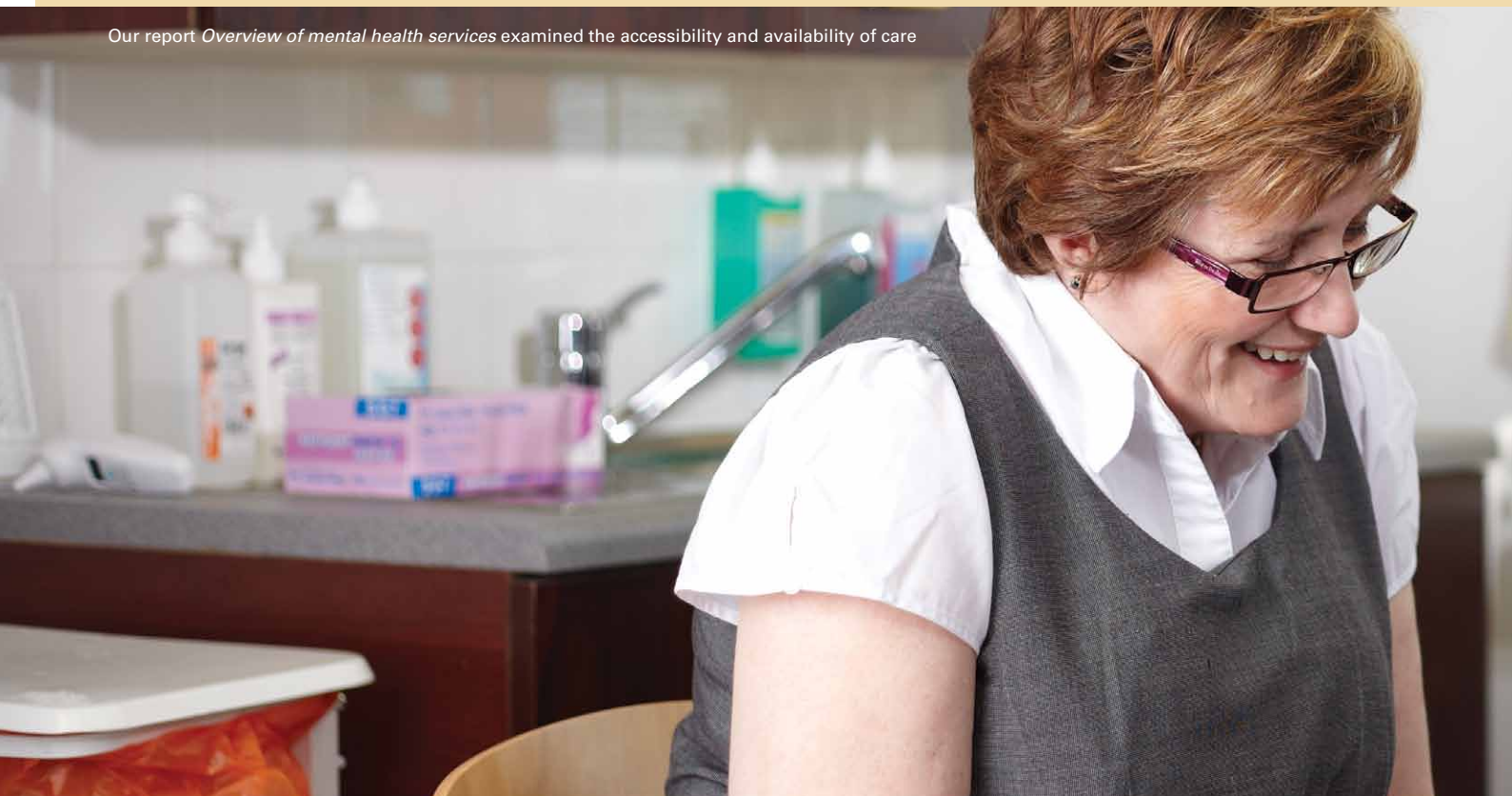
In April 2009, we started work for the Accounts Commission on 'pathfinder' reports on five councils: Angus, Dundee, East Ayrshire, Highland and Scottish Borders Councils. The first pathfinder, on Dundee, was published in March 2010, and the others are to be published early in the 2010/11 year. Ipsos MORI will evaluate the pathfinders.

“ This year we launched Best Value 2, a new, more streamlined system for scrutinising councils, police boards and other local authorities. ”



## Our work: case study two

Our report *Overview of mental health services* examined the accessibility and availability of care



### Case study: increase the impact of our work

We published *Overview of mental health services* on 14 May 2009. The audit found the wider cost to Scotland of mental health problems was more than £8 billion a year and the NHS spent about £930 million, with spending on community services and by councils unclear. Mental health problems cause considerable poor health and Scotland's suicide rate is higher than in England and Wales. The report contains 17 recommendations for the Scottish Government, NHS boards, councils and partners, on accessibility, delivery and expenditure, and a self-assessment checklist. We also published supplements to the report on our website summarising examples of good practice and service user and carers' views.

The audit highlighted the long waiting times for psychological therapies and for children and adolescent mental health services (CAMHS). It also raised the issue of a lack of out-of-hours and crisis services, a lack of priority for

investment in mental health care, and inequalities in spending and the range of services available across Scotland. These issues all appeared in the 40 items of media coverage immediately following publication, and the report was downloaded 8,910 times in its various forms during 2009/10.

In the month following publication, MSPs submitted almost 60 parliamentary questions about mental health, and there were 120 in total lodged by August 2009. The parliament's Health and Sport Committee published a report on its inquiry into CAMHS in June. The report highlighted findings from our report, and asked the government to accelerate work on a waiting times target for CAMHS and to investigate CAMHS staffing numbers.

We presented the report to the parliament's Public Audit Committee in May 2009. The committee decided to hold an inquiry, and took evidence at two separate sessions from the NHS Director-General, the government's director of primary and community care, as well as other Scottish Government

staff and representatives from several NHS boards and councils. Written evidence was also submitted by a number of voluntary organisations.

The study team also gave a briefing to the parliament's cross-party group on mental health, a presentation to a Holyrood conference on children and young people's mental health, and hosted a workshop at the Association of Community Health Partnership's annual conference.

We will continue to monitor the impact of the report through our local auditors, NHS board and council action plans against the report's checklist, and updates from the Scottish Government.

The report is the first in a planned series on mental health care. It aimed to highlight areas for improvement and identify priorities for future work. We looked at mental health services provided by the NHS, councils, prisons, the police and voluntary sector services across Scotland for people of all ages. We examined the accessibility and availability of services and how much is spent on them.



# increase

the impact of our work

“ The Scottish Parliament’s Public Audit Committee decided to hold an inquiry into our findings, and took evidence at two separate sessions. ”

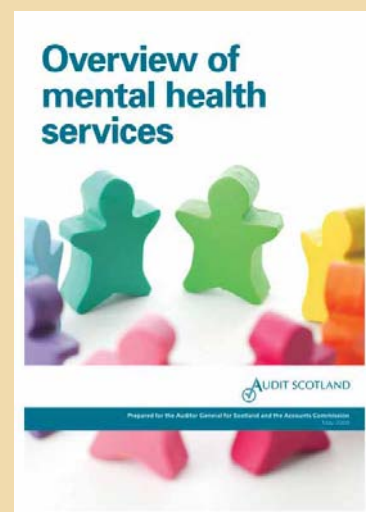


## THE REPORT TEAM

**Claire Sweeney** portfolio manager

**Christopher Spratt** project officer

**Jillian Matthew** project manager





### Case study: deliver more streamlined audit in partnership with other scrutiny bodies

We have taken significant steps towards the implementation of a new streamlined scrutiny system for local government in Scotland. Once under way, this will release resources within public bodies and reduce duplication of work by scrutiny agencies, making scrutiny more efficient and effective.

Following the Crerar Review of public scrutiny, the Accounts Commission was given a 'gatekeeper' role and we have been supporting them. During 2009/10, we worked with the other scrutiny agencies to develop, test and evaluate a new model that will be rolled out across the country over the coming year.

In the past, when we planned and undertook scrutiny of a local authority, we have done this alone, with the Audit

Scotland team setting out the work we would be doing around that public body.

Similarly, across Scotland, other scrutiny agencies such as HM Inspector of Education, the Social Work Inspection Agency, NHS Quality Improvement Scotland, the Care Commission, the Scottish Housing Regulator and HM Inspectorate of Constabulary for Scotland could be undertaking the work on that same authority.

For the local authority itself, this meant visits and inspections during the year from different scrutiny agencies, many of whom were often seeking similar information to other agencies. This created a significant demand on staff time, authority resources and opportunity costs for the authority. And scrutiny was carried out on a cyclical basis and a standard format, regardless of the body's performance or its risks.

Under the new model, when we plan the scrutiny of a public body

all the agencies get together and collate the information we already have between us on that organisation, as well as data from other sources. A key element is also information from the council's self-evaluation, and we use all this to come to an agreed view of the performance of the body and the risks associated with it.

This is known as a shared risk assessment (SRA), and we then use that to plan scrutiny activity that is proportionate and tailored to the individual public body. For us, it means we can prioritise and focus our resources and time and can avoid duplication of effort. For the local authority, it now has a clear picture of what will be happening during the year and it knows that the burden of scrutiny will be lighter and that the scrutiny agencies will be doing far more with the information it gives them. It also knows that the burden of scrutiny will directly reflect its own performance and risks.

# deliver

more streamlined audit in partnership with other scrutiny bodies

During the summer of 2009, Audit Scotland tested this model at seven councils and reviewed the outcomes. We also set up local area networks to carry out SRAs for Scotland's 32 councils and subsequently plan the scrutiny activity for each council from April 2010 to March 2013. During the summer of 2010 we will start rolling out the first SRAs.

“ During 2009/10 we tested, evaluated and developed the model that will be rolled out across the country over the coming year. ”

## Key dates:

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### SEPTEMBER 2007:

The Crerar Review reports on scrutiny arrangements in Scotland

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### FEBRUARY 2008:

The Scottish Government asks the Accounts Commission to take a co-ordinator and 'gatekeeper' role for local government scrutiny

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### FEBRUARY 2009:

Audit Scotland begins work with other scrutiny bodies of developing shared risk assessment for local government bodies as part of Best Value 2 programme

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### MARCH 2010:

First Best Value 2 'pathfinder' report, on Dundee City Council, published



## Delivering the audit

We were responsible for 215 annual audits for the audit year 2008/09, carried out by a mix of appointed auditors from Audit Scotland and private firms of accountants.

Auditors completed 100 per cent of all the audits of health, central government, further education and local authority bodies on time (compared with 99 per cent overall in the previous year).

Public sector auditors provide assurance on financial statements as well as professional views on matters such as regularity and legality, propriety, performance and use of resources. In 2009/10, our auditors also attended 286 audit committee meetings of public bodies across Scotland, compared with 280 in the previous year.

Annual audit reports cover the full range of audit work done in the year, providing clients and stakeholders with

a comprehensive and independent view of financial management, governance and performance in public bodies. Annual audit reports can be found on Audit Scotland's website. The majority of opinions given by appointed auditors are unqualified. However, there are situations where an auditor may disagree that an organisation's financial statements offer a true and fair view of its financial position or where they may wish to refer to any limit of scope of that opinion. In these cases the auditor will qualify their opinion. This year we published 13 audit qualifications.

We brought together auditors working in the same sectors nine times during 2009/10 to share experiences, keep up to date with policy developments and discuss technical auditing matters.

We have also focused on improving how effectively and efficiently we deliver the audit. By introducing a new electronic audit working papers package, MKInsight (MKI), we are working to streamline our activity

by simplifying record-keeping, and making information more readily available between colleagues. We rolled out MKI to about 70 staff for use during their 2009/10 audits, and we will introduce it across the rest of the group in 2010/11.

Sector	Number of audits
Central government	76
NHS	23
Further education	39
Councils	32
Joint boards	44
Water sector	1
<b>Total</b>	<b>215</b>

### QUALITY AND IMPACT

Audit Scotland remains committed to delivering a public audit service that is valued by clients, the general public and other stakeholders. Our Audit Strategy Group is responsible for setting the standards expected of all public sector auditors through our Code of Audit Practice.



Lynn Bradley (left), director of Audit Services (local government), and Fiona Kordiak, director of Audit Services (health and central government)

During the year we revised our corporate quality framework and business groups further developed and implemented arrangements for assuring the quality of their work. These arrangements vary according to the nature of the work and include controls to ensure that work is right first time as well as reviews after the completion of an audit. Reviews of a sample of audits were undertaken by Audit Scotland staff independent of the audit and this year there was also an external element in the reviews of financial audit work and performance audit reports.

We regularly collect feedback from audited bodies to help us measure the quality of the audit service and to continue to drive up standards. This year we asked local government and central government bodies to tell us what they thought of the service provided by our auditors during the 2008/09 audits. In addition, bodies were asked to comment on whether the audit had made, or will make, a difference to them in the four areas defined in our corporate impact framework. A summary of the responses received is shown in the table below. These results compare favourably with previous surveys.

#### ETHICAL STANDARDS

The independence of public audit helps ensure its effectiveness. Audit Scotland expects the highest ethical standards to be applied by all our staff and appointed auditors. High standards are essential if we are to retain the trust and respect of our stakeholders and ensure our independence. We have adopted the principles of the ethical standards for auditors issued by the UK Auditing Practices Board across all our work and provide our staff with guidance about the application of the standards to public sector audit in Scotland.

Our director of Audit Strategy, Russell Frith, undertakes the role of ethics partner and provides advice on the application of the standards.

Quality survey responses	Positive responses	
	Local government	Central government
Overall quality of service	97%	90%
<b>Area of impact of the audit</b>		
Assurance and accountability	100%	92%
Planning and management	89%	86%
Economy and efficiency	92%	82%
Effectiveness and quality of services delivered by audited bodies	86%	78%

## National and international work

### IDENTIFYING FRAUD AND ERRORS

Audit Scotland runs the National Fraud Initiative (NFI), a programme which brings together auditors and public bodies to help identify fraud and error in the public sector. They compare information from councils, health boards and other public sector bodies and from a range of financial systems (such as housing benefits, payrolls, public sector pensions). This helps bodies stop overpayments made through fraud and error from continuing and, in many cases, recover money incorrectly paid out. Effective fraud arrangements may also act as a deterrent.

To help ensure that public bodies tackle fraud, Audit Scotland undertakes a data-matching exercise. This year, public bodies and their auditors continued the work of following up data matches made when the exercise was last undertaken. We completed a third full round of the NFI in early 2010.

During 2009/10, the Scottish Government provided new powers for data-matching in Scotland in the Criminal Justice and Licensing Bill. These will allow Audit Scotland to catch up with the wider range of data-matching activities undertaken elsewhere in the UK.

We have also streamlined the scrutiny of the housing and council tax benefit services in Scotland, and this now forms part of the annual audit of local authorities. It assesses the risks to the continuous improvement of housing and council tax benefit services in Scotland and encourages councils to reduce the risks identified.

In 2009/10, risk assessments were carried out in 13 councils. All of the council benefits services have drawn up action plans to address the risks identified during the audit, and progress on the implementation

of these plans will be reviewed in future audit programmes. In addition to carrying out the risk assessments, Audit Scotland hosted a benefits seminar in June 2009 to share the emerging findings and hear feedback from councils. We have built this feedback into our planning for 2010/11 audits.

### LEARNING AND KNOWLEDGE SHARING WITH OTHERS

Presenting at external events and supporting groups and organisations helps us share our knowledge, increase the impact of our work and learn from those managing, delivering and using public services.

Audit Scotland staff presented at 39 seminars, conferences and training events, as well as to nine groups of overseas visitors to Audit Scotland.

Our staff also served on 52 external bodies and working groups. Bodies included the Auditing Practices Board public sector subcommittee UK, the Financial Reporting Advisory Board and CIPFA's central government panel.

### TECHNICAL SUPPORT AND EDUCATION

Audit Scotland supports ongoing improvements in accounting, financial reporting and auditing in the public sector. We do this through technical guidance we provide to auditors and audited bodies and at external seminars, conferences and working groups.

Our main objective is to ensure that auditors' technical knowledge is comprehensive, relevant, reliable and up to date. This year we received and responded to 856 technical enquiries from auditors and stakeholders.

The 2009/10 year was particularly challenging as there was a significant number of technical developments. The biggest of these has been the implementation of the new international financial reporting standards (IFRS) across the public sector. We have provided all of our

staff with IFRS training, including preparing shadow sets of accounts to IFRS guidelines ahead of our work on actual accounts, and helping audited bodies with the transition.

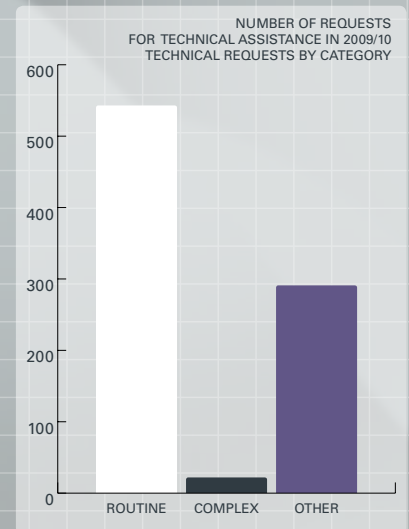
We published four technical bulletins to auditors, summarising technical developments and providing guidance on major risk areas and implications. We added 323 documents to our online library, and published 14 notes for guidance to provide more in-depth and extensive guidance on specific matters.

### INTERNATIONAL WORK

Audit Scotland receives several requests for help and visits from overseas organisations, as well as participating in capacity building projects in other countries. For more details, see case study four on pages 20 and 21. The 2009/10 annual report on our international work is available on our website.

**TECHNICAL ASSISTANCE:  
PERFORMANCE AGAINST TARGET RESPONSETIMES**

	07/08	08/09	09/10
Total number enquiries	739	1006	856
Routine enquiries	98%	97%	99%
Complex enquiries	95%	100%	95%
Other enquiries	100%	99%	99%



“ We have provided all of our staff with training on the new international financial reporting standards, including preparing shadow sets of accounts, and helping audited bodies. ”

## Our work: case study four



### Case study: become a centre of excellence for public audit

Audit Scotland continues to be recognised within the UK and overseas for its financial and performance audit work.

This is reflected in part by the requests we get for assistance and visits from overseas organisations. During the year we revised our strategy for our international development work, taking into account our experiences of working with other countries and the recent recession. As a small organisation we have to balance these requests with our core audit work in Scotland. In 2009/10, we helped 19 organisations but turned down 13 other requests.

The main focus of our work in other countries has been in and around the European Union and this will continue. However, we will also look at the regions the Scottish Government and Scottish

Parliament have prioritised for assistance to consider what we can do there. We do this international development work alongside other audit agencies, particularly the UK National Audit Office (NAO) and the Swedish NAO.

Audit Scotland staff have been involved in a number of capacity building projects overseas this year. We have provided support to projects in Moldova, Russia and Bosnia and Herzegovina.

We hosted nine visits from overseas delegations including audit institutions, parliamentary committees and governments. Those visitors were keen to hear about the public audit arrangements in Scotland since devolution. We also learn from these visits, which can assist us in developing our own work. In the past 12 months we have welcomed visitors from Denmark, Netherlands, Ukraine, Sweden, China, Korea, Russia and Australia.

We continue to contribute to the development of accounting and auditing standards in the UK and internationally.

Our staff participated in many boards, panels and working groups that produce standards and guidance for public sector bodies. Deputy Auditor General, and Controller of Audit, Caroline Gardner was appointed to the International Ethics Standards Board for Accountants (IESBA) for a three-year term starting in January 2010. We are also represented on the UK Auditing Practices Board.

We play an active role in a number of other bodies, including the Financial Reporting Advisory Board, the Chartered Institute of Public Finance and Accountancy (CIPFA), Local Authority (Scotland) Accounts Advisory Committee (LASAAC), Local Government Statement of Recommended Practice (SORP)/ Code Board and the Auditing Practices Board public sector subcommittee, which is chaired by Russell Frith, our director of Audit Strategy. We also respond to consultation documents and work with regulators and government bodies.

Robert Black (left), Auditor General for Scotland, and Des Pearson, Auditor General for Victoria, Australia

# become

a centre of excellence for public audit

“ Audit Scotland continues to be recognised within the UK and overseas for its financial and performance audit work. ”

In 2009/10, Audit Scotland hosted nine visits from overseas delegations from:

Denmark      Ukraine  
Netherlands      Australia  
Sweden      China \*  
Russia      Korea

Audit Scotland staff worked on projects in:

Bosnia and Herzegovina  
Moldova  
Russia

\* There were two visits from different regions of China this year.

# Our organisation

## Our people

### DEVELOPING AND ENGAGING OUR STAFF

In March 2010, Audit Scotland was placed 52nd in *The Sunday Times* list of the '75 Best Places to Work in the Public Sector'.

The review of public sector workplaces said: "Staff can count on Audit Scotland to provide them with interesting work in a friendly, supportive environment... Doing a job that aims to improve services for everyone makes employees proud and they believe they can make a valuable contribution to the success of the organisation." We received positive scores in the review's staff engagement survey, leading to Audit Scotland getting rankings of 18th for 'Giving Something Back' and 'Fair Deal', and 21st for 'Wellbeing'.

This year we continued to invest in providing high-quality training and developmental support for our staff, in areas ranging from obtaining professional qualifications to technical and specific skill updates.

We introduced a new Performance Appraisal and Development (PAD) scheme, to help staff maintain and develop their skills and improve our overall performance management and workforce planning. Staff received in-house training and all have had one-to-one meetings with their line managers to set work and development objectives.

During 2009/10, our staff received 12.7 days each, on average, of training and personal development, compared with 12.2 in 2008/09. We had 35 trainees and staff working towards CIPFA and ACCA qualifications. Two trainees successfully completed their qualifications during the year, with one becoming the top scoring Scottish student employed in public audit in the CIPFA final examinations and top Scottish Student overall across all sectors.

We keep staff informed about our organisation using a range of activities such as monthly team briefings, our in-house quarterly magazine *abacus*, face-to-face meetings and through our latest news section on our intranet site Libro. We also have a partnership forum for regular consultation with staff trade unions.

In 2009/10, our sickness absence was on average 8.82 days per employee (7.5 days in 2008/9), compared with a public sector average of 9.7 days.

### DIVERSITY AND EQUALITY

We published our Single Equality Scheme on International Human Rights Day, 10 December 2009. It makes our position on diversity and equality clear and sets out what we intend to do on equality, both internally and in the way we carry out our work. The scheme demonstrates our commitment to making diversity and equality integral to our organisational culture.

We published a number of equality impact assessments on areas such as our project management framework for performance audits and our forward programme of performance audits.

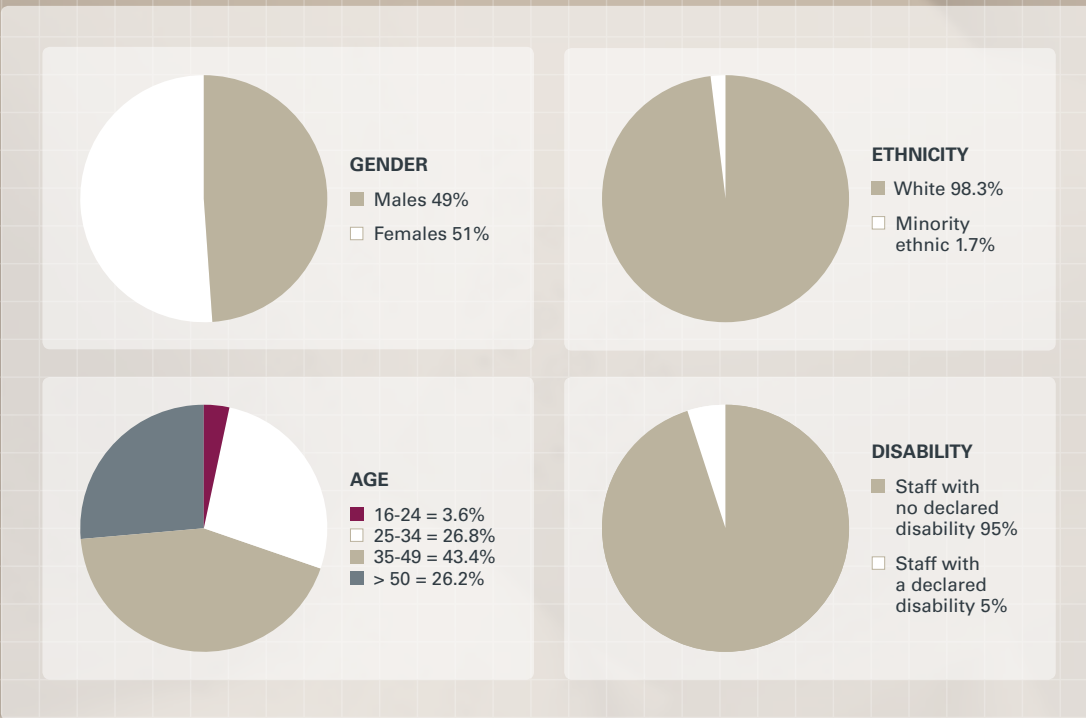
We have benefited from continuing to involve disabled people in the development of our work, through a series of events held in partnership with Capability Scotland. In particular, we received feedback on the development of BV2, our single equality scheme and our IT hardware replacement programme. We agreed action plans following these events, and these can be found on our website.

We carried out a best value review of our recruitment and selection processes, and implemented an action plan to improve these. This includes positive action on attracting candidates with disabilities or minority ethnic backgrounds. A full report on our diversity and equality work is available on our website.

Staff	Numbers
Staff numbers	293WTE*
Turnover	5.26%
Staff receiving training	225
Average sickness absence per person	8.82 days

\*Correct as of 31 March 2010.

OUR DEMOGRAPHIC PROFILE AS AT 31 MARCH 2010 WAS:



“ Staff can count on Audit Scotland to provide them with interesting work in a friendly, supportive environment. ”

*The Sunday Times '75 Best Places to Work in the Public Sector'.*



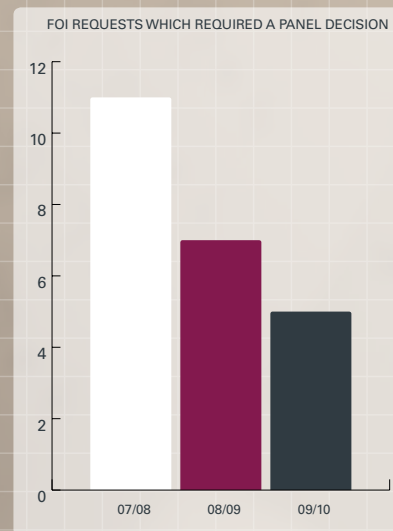
# Our organisation

## CORRESPONDENCE RECEIVED PER SECTOR

Local government	162
Central government	74
Health	12
Further education	2

## RESPONSE TIMES FOR CORRESPONDENCE

	07/08	08/09	09/10
Number received	216	235	250
Acknowledgements	89%	100%	100%
Full response	74%	94.5%	97%



## Our business

### CORRESPONDENCE AND INFORMATION REGULATIONS

Audit Scotland receives enquiries from a wide range of people, raising issues of concern to them about public bodies. These cover a range of subjects and vary in financial value, significance and complexity. Where appropriate, we may conduct further audit work in response.

This year, we received 250 items of correspondence, compared with 235 last year. We met our target of acknowledging correspondence within ten working days in all cases, and in 97 per cent of cases we provided a full response within one month of acknowledgement.

We also investigate complaints about how Audit Scotland staff have dealt with members of the public. In 2009/10, we received four complaints.

Our Information, Legislation and Regulations group guides our policies and processes on the Freedom of Information

Act, Environmental Information Regulations, the Re-use of Public Sector Information Regulations, and the Data Protection Act. We value openness and transparency and we recognise the public interest in the information we hold. A wide range of information is available through our publication scheme, which is on our website.

In 2009/10, we logged five Freedom of Information (FOI) requests that required consideration by an internal panel at Audit Scotland about whether all the information requested could be released. There were four data subject access requests under the Data Protection Act, but no Environmental Information requests.

### MANAGING OUR RESOURCES AND SUSTAINABILITY

#### EFFICIENCY, EFFECTIVENESS AND BEST VALUE

In 2009/10, we exceeded our target of £585,000 of efficiency savings, delivering £618,000. This was 2.3 per cent of our overall budget, exceeding the Scottish Government target of 2 per cent.

We achieved significant efficiencies from changes in how our audit teams planned their work in 2009/10. These changes allowed staff to work on 2008/09 IFRS accounts in addition to their normal work without needing extra resources, resulting in £192,000 savings. We also reviewed our staff numbers and job roles, as well as deleting some vacant posts, saving £192,000. We achieved the remaining £234,000 worth of efficiencies by changing management practices, including more effective contracting of goods and services, doing previously contracted-out work internally, and savings in information technology.

#### IMPROVING BUSINESS SYSTEMS

Benchmarking our performance against other comparable public sector bodies (see table) in estates management, HR, finance and IT helps us identify areas for improvement. Our property strategy aims to improve accessibility and costs. In 2009/10, we implemented a new online human resources system, e-HR, to improve the efficiency of our HR processes, free staff time and integrate with our payroll system.



## AUDIT SCOTLAND PERFORMANCE COMPARED WITH OTHER PUBLIC SECTOR BODIES

Indicator	Audit Scotland	Comparable public bodies
HR cost as % of total running costs	1.38%	2.37%
HR cost per employee	£1,228	£2,159
Ratio of employees to HR staff	74:1	50:1
Cost of processing an invoice	£7.71	£19.98
Finance cost as % of total running costs	1.1%	1.9%
ICT cost as % of total running costs	3.1%	5.7%
ICT incidents fixed to agreed service levels	99.5%	91.2%
Staff who can remotely access network	100%	63.3%
Buildings suitable and accessible for disabled people	17%	81%
Total building operational cost per square metre	£225	£168

Source: CIPFA benchmarking exercise 2008/09

## INTERNAL AUDITS CARRIED OUT IN 2009/10

IT disaster recovery
Partnership working with other scrutiny bodies
National fraud initiative
Corporate governance
Performance management
IT strategy
Internal efficiency and best value review programme
Diversity and equality action plan
Electronic working paper system procurement
Key financial systems and VAT
Comptroller function of the Auditor General
Software licensing
Risk management maturity review
Follow-up report on previous recommendations

We further developed our payroll system by producing and distributing pay slips electronically, making this more efficient and saving money.

In 2009/10, we paid invoices within 30 days in 93 per cent of cases. Part way through the year we began monitoring our performance against the Scottish Government's target of payment of trade invoices within ten days, and our performance was 63 per cent. We are installing an electronic purchasing system and aim to improve on this.

We implemented a new electronic working papers system. We also carried out a full disaster recovery test to see if we could recover all our Information Communication Technology (ICT) systems. Our internal auditors observed this test and said we can take substantial assurance that our recovery systems are effective.

Audit Scotland's website was re-awarded the Shaw Trust 'Accessible Plus' accreditation for its high level of accessibility for people with disabilities.

To see Audit Scotland's full statement, go to [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) and click on the accessibility link.

## SUSTAINABILITY AND ENVIRONMENTAL IMPACT

Audit Scotland's CO<sub>2</sub> emissions fell slightly in 2009/10, from 393 tonnes in 2008/09 to 392 tonnes. The biggest change was a 35 per cent increase in gas use, which we believe was due to the severe winter. Vehicle emissions fell by 5.6 per cent, while air travel emissions remained constant.

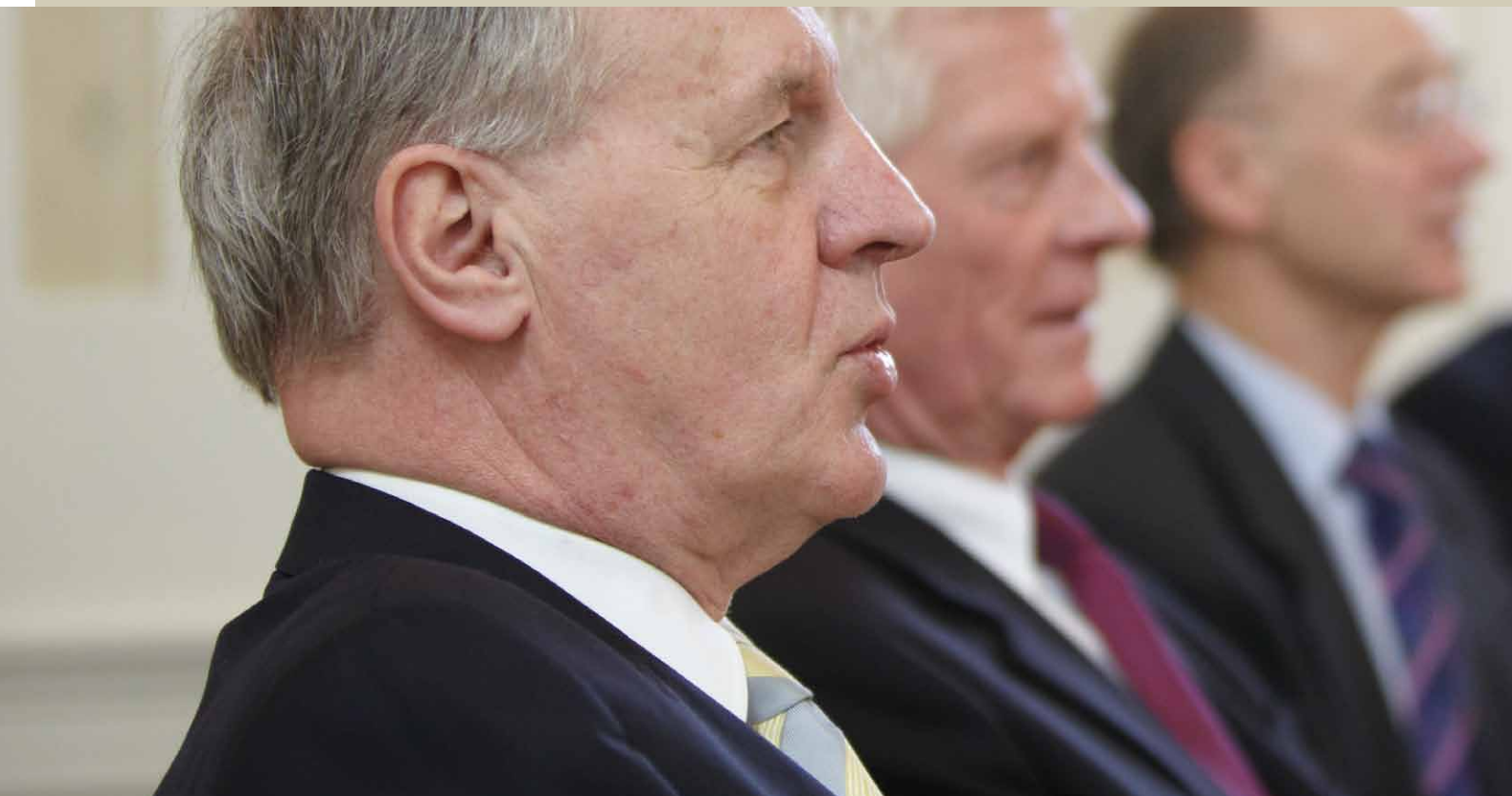
Audit Scotland participates in the Carbon Trust's carbon management programme, giving us access to expertise and support to reduce our emissions. In 2009/10, we set a new target of reducing our carbon footprint by 20 per cent over five years. We are researching the ways to achieve this target, such as rationalising our Edinburgh offices and reducing the carbon footprint of our business travel. We are also improving the information we collect on business travel and reviewing our environmental policies.

## INTERNAL AUDIT AND RISK MANAGEMENT

Audit Scotland's audit committee supports our board in its responsibilities for risk, control and governance and associate assurance. The committee met four times in 2009/10 and considered 14 internal audit and review reports (see box for report subjects).

All internal audits in 2009/10 achieved 'substantial assurance', the highest standard available, from our internal auditors RSM Tenon (formerly RSM Bentley Jennison). The follow-up report said we were making reasonable progress in implementing previous recommendations.

This year we reviewed our risk management policy and strategy. The audit committee receives regular reports on risks to Audit Scotland and updated risk registers. A key risk to our organisation and staff was from the 'Swine 'Flu' virus. While sickness absences did rise, disruption to the organisation was minimal.



## Our governance and management

### ACCOUNTABILITY TO THE SCOTTISH PARLIAMENT

#### SCOTTISH COMMISSION FOR PUBLIC AUDIT

Audit Scotland is held to account by Parliament through statutory arrangements put in place by the Scotland Act 1998 and through the Public Finance and Accountability (Scotland) Act 2000. The Scottish Commission for Public Audit (SCPA) is central to these arrangements. The SCPA consists of five MSPs and meets in public. It scrutinises our budget, annual report and accounts and appoints our external auditor, currently HW Chartered Accountants.

#### SCPA MEMBERSHIP\*:

Angela Constance (Convenor)  
Robert Brown  
Derek Brownlee  
George Foulkes  
Hugh Henry

\*Correct as of 31 March 2010.

### OUR BOARD

Our board oversees Audit Scotland's work and seeks to ensure high standards of governance and management. The board has an audit committee which appoints our internal auditors and receives our annual accounts and internal audit reports. The board met seven times during the year and the audit committee four times.

The board also has a remuneration committee which sets and reviews the salaries of senior staff (excluding the Auditor General for Scotland whose salary is set by the Scottish Parliamentary Corporate Body) and the main terms and conditions for all staff.

The board has agreed on a framework which sets out the principles and approach to ways of partnership working between the Auditor General for Scotland, the Accounts Commission and Audit Scotland. The framework is designed to ensure that the three parties work together in a way which enhances and maintains their integrity, individually and

collectively, and will help deliver our vision for public audit. The framework recognises that each party depends on the others to deliver their statutory duties, but that their responsibilities and accountability arrangements are distinct.



**JOHN BAILLIE**  
Chair of the board and chair of the Accounts Commission

Former partner of KPMG Scotland and London. Member of the Competition Commission. Visiting Professor of Accountancy at the University of Glasgow.



Audit Scotland board members John Maclean (left), Ronnie Cleland, John Baillie and Robert Black



**ROBERT BLACK**  
**Auditor General and**  
**Accountable Officer**  
**for Audit Scotland**

Robert Black is the first Auditor General for Scotland and was appointed in 2000. He was previously Controller of Audit with the Accounts Commission and, in his earlier career, was chief executive of Tayside Regional Council and Stirling District Council. He has degrees in economics, planning and public policy, and honorary degrees from the University of Aberdeen and Queen Margaret University.



**CAROLINE GARDNER**  
**Deputy Auditor General and**  
**Controller of Audit**

Caroline Gardner was appointed Deputy Auditor General when Audit Scotland was formed in 2000, and became Controller of Audit in 2004. She previously worked for the Accounts Commission for Scotland, and the Audit Commission

in England and Wales. She trained as a chartered public finance accountant with Wolverhampton MBC, and has an MBA from the University of Warwick.



**RONNIE CLELAND**  
**Independent non-**  
**executive member**

Chair of Scottish practice of Odgers & Berndtson. Member of NHS Greater Glasgow and Clyde Board. Non-executive adviser to Scottish Football Association. Member of Court of the University of Strathclyde. Former partner at Thomson Partners Ltd.



**JOHN MACLEAN**  
**Independent non-**  
**executive member**

Deputy chair of Court and member and former chair of audit committee at Glasgow Caledonian University. Former non-executive director at Bank of Scotland, HBOS plc, Bank of Western Australia, and SVM Global. John started his term at Audit Scotland in October 2009.

**THE FOLLOWING PEOPLE LEFT**  
**DURING 2009/10:**

**ISABELLE LOW**  
**Deputy chair of Accounts**  
**Commission**

Former senior civil servant. Former member of the State Hospitals Board for Scotland, the Scottish Consumer Council and the Statistics Commission. Chair of Audit Scotland's Audit Committee. Isabelle's term of office at Audit Scotland ended in September 2009.

**CATHERINE COULL**  
**Secretary to the Audit**  
**Scotland Board**

Catherine Coull was Secretary to the board until May 2009. This role is now undertaken by Diane McGiffen, director of Corporate Services.



## Our governance and management

### OUR SENIOR MANAGEMENT

**ROBERT BLACK**  
See biography on page 27

**CAROLINE GARDNER**  
See biography on page 27



**RUSSELL FRITH**  
Director of Audit Strategy

Russell Frith was appointed director of Audit Strategy shortly after Audit Scotland was formed in 2000. He was previously director of Financial Audit in the National Audit Office in Edinburgh. Prior to that, he worked in the private sector in audit and corporate finance roles as well as being a finance director in the financial services sector. He qualified as a chartered accountant with KPMG.



**DIANE MCGIFFEN**  
Director of Corporate Services

Diane McGiffen was appointed director of Corporate Services in 2000. She previously worked with the Accounts Commission, and before that worked in urban regeneration and local government. She has an MSc in social and public policy from the University of Edinburgh.

### SECTOR MANAGEMENT

#### AUDIT SERVICES

Our directors of Audit Services, Fiona Kordiak and Lynn Bradley, are responsible for the in-house audit services we provide to the health, central government and local government sectors, including the audit of financial statements, governance and performance management.

#### PUBLIC REPORTING

Our directors of Public Reporting, Barbara Hurst and David Pia, are responsible for investigating issues of public concern, and producing overview reports and performance audits across the health, central government and local government sectors and Best Value audits for local government.

Barbara Hurst, director of Public Reporting (health and central government),  
and David Pia, director of Public Reporting (local government)



**FIONA KORDIAK**  
**Director of Audit Services (health and central government)**

Fiona Kordiak was appointed as director of Audit Services in 2007. She joined the Accounts Commission as a trainee in 1987, having previously worked as a finance trainee in the Scottish health service. She is a chartered public finance accountant and has an MA in history and sociology.



**LYNN BRADLEY**  
**Director of Audit Services (local government)**

Lynn Bradley joined Audit Scotland as director of Audit Services in 2005. She previously held senior posts in local government, consultancy and Scottish Homes. Lynn qualified as a chartered public finance accountant with the National Audit Office and as a chartered accountant with Ernst & Young.



**BARBARA HURST**  
**Director of Public Reporting (health and central government)**

Barbara Hurst was appointed director of Public Reporting in 2000 and has worked in audit for the past 16 years. Before that she worked in the public, private and voluntary sectors in a variety of roles, including teaching English as a foreign language, managing college library services, rape counselling, freelance consultancy and providing information services to national voluntary organisations. Barbara has an MSc (Econ) in social research methods from the University of Cardiff.



**DAVID PIA**  
**Director of Public Reporting (local government)**

David Pia was appointed director of Public Reporting in 2003 after joining Audit Scotland from the Social Work Services Inspectorate of the former Scottish Executive in 2001. He worked for 15 years in a range of posts in central government and before that for 15 years in three local authorities in Scotland and England. He is a qualified social worker with Masters degrees from the Universities of Edinburgh and York. David retired at the end of the 2009/10 year.



### Case study: improve the transparency of our costs and governance arrangements

During 2009/10, we undertook a number of measures to improve the transparency of our governance and costs.

In October 2009, John Maclean was appointed to the board of Audit Scotland. Mr Maclean, who replaced Isabelle Low following her retirement from Audit Scotland during 2009/10, was the second new member to join the board in a year, following Ronnie Cleland's appointment in 2008. For the first time our board has two independent non-executives and both were recruited through open competition for the posts.

We gave evidence to the Scottish Commission for Public Audit (SCPA) about the Public Services Reform Act 2010. This legislation will result in further changes to our governance.

We have also worked to make it easier for both the public and politicians to find information about our costs and our spending plans.

We gave a full presentation to the SCPA on our costs and gave them our budget proposals for their approval. The commission published a report in November 2009 in which it welcomed the 'significant progress' Audit Scotland made on aspects of budgeting, the 'more detailed and helpful presentation of information' about our autumn budget revisions, and the fact we made our submissions earlier to give the SCPA more time to consider them.

We revised the code of conduct for board members and published this on our website, along with registers of interests for all board members and senior management. We also published information about all expenses claimed by senior managers and board members and this is available on our website for the 2009/10 year.

We are considering options to expand the information we publish next year.

Minutes for all board and management team meetings are available on our website.

Lorraine Dingley (left), administrative assistant, and Wilma Durkin, head receptionist



# improve

the transparency of costs and governance

“ We have worked to make it easier for both the public and politicians to find information about our costs and our spending plans. ”

OUR BUDGET PROPOSALS FOR 2010/11 ARE AVAILABLE ONLINE AT  
[www.scottish.parliament.uk/s3/committees/scpa/index.htm](http://www.scottish.parliament.uk/s3/committees/scpa/index.htm)

OUR FULL ACCOUNTS FOR 2009/10 ARE AVAILABLE ON OUR WEBSITE  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

# Our finances

## Financial summary

Audit Scotland is required to produce accounts for each financial year detailing the resources acquired, held or disposed of during the year and the way in which they were used. The Auditor General has been appointed as Accountable Officer and is responsible for the preparation of these accounts.

Audit Scotland's accounts are independently audited on behalf of the Scottish Commission for Public Audit (SCPA), which appointed HW Chartered Accountants to carry out the audit.

The full accounts and Audit Scotland's full management commentary are available on our website.

### A SUMMARY OF INCOME AND EXPENDITURE

The task of auditing Scotland's public bodies has expanded greatly since 2000. In 2009/10, Audit Scotland spent £27.7 million on services for the Auditor General and the Accounts Commission; this is less than 0.1 per cent of the £36 billion spent by the bodies that are audited. The majority of these costs are recovered through charges to these organisations, with the balance received as direct funding from the Scottish Parliament.

Most income is from charges to audited bodies and can be broken down as shown in the table.

In 2009/10, 78 per cent of expenditure was spent on staff and fees to auditors. This compares with 77 per cent in the previous year.

## The figures

	2009/10		2008/09	
Income	£000	% total	£000	% total
Fees paid by local authorities	13,183	65	12,330	63
Fees paid by health bodies	4,525	22	4,080	21
Fees paid by Scottish Water	222	1	192	1
Fees paid by further education colleges	578	3	529	3
Fees paid by Scottish Government & sponsored bodies	2,036	10	1,750	9
Bank interest	4	-	118	1
Miscellaneous	286	1	320	1
Other finance income (pensions)*	(407)	(2)	266	1
<b>Total</b>	<b>20,427</b>	<b>100</b>	<b>19,585</b>	<b>100</b>

	2009/10		2008/09**	
Other revenue funding	£000 required	£000 available	£000 required	£000 available
Direct funding from Parliament	7,231	7,479	7,057	9,200

	2009/10		2008/09**	
Expenditure	£000	% total	£000	% total
Staff and members' costs	15,295	55	14,425	54
Fees and expenses paid to appointed auditors	6,408	23	6,078	23
Buildings, rent and depreciation	2,278	8	2,303	9
Operating costs	3,249	12	3,884	14
<b>Total</b>	<b>27,230</b>	<b>98</b>	<b>26,690</b>	<b>100</b>
Prior Year adjustment – property dilapidations	428	2	(48)	-
<b>Total</b>	<b>27,658</b>	<b>100</b>	<b>26,642</b>	<b>100</b>

\* Other finance income is comprised of income from expected returns on the local government pension scheme assets less the interest payable on the scheme liabilities.

\*\* The 2008/09 comparator figures have been restated to reflect compliance with International Financial Accounting standards.



## Staff and members' costs

At 31 March 2010, we had 293 whole time equivalent staff. During the year, the average number of directly employed staff was 295 whole-time equivalents (293 in 2008/09).

The number of staff whose salaries were over £75,000 was eight (eight in 2008/09).

	Salary £000
Auditor General	145 - 150
Deputy Auditor General	130 - 135
Director of Audit Strategy	95 - 100
Director of Corporate Services	90 - 95
Director of Public Reporting – Local Government	90 - 95
Director of Public Reporting – Health and Central Government	85 - 90
Director of Audit Services – Local Government	90 - 95
Director of Audit Services – Health and Central Government	85 - 90

Audit Scotland has two independent non-executive board members. They each received remuneration at an annual rate in the £5,000 - £10,000 banding.

The Audit Scotland Chair is not remunerated for this position.

The Accounts Commission Chair and members (all part-time) were remunerated as follows:

	Banding £000
Chair	40 - 45
Deputy chair	10 - 15
Commission members	0 - 10

All Commission appointments are part-time and non-pensionable.

## Reports published in 2009/10

### ACROSS-GOVERNMENT REPORTS

- Improving public sector efficiency
- Protecting and improving Scotland's environment
- Progress report on planning for the delivery of the XX<sup>th</sup> Commonwealth Games 2014
- Improving civil contingencies planning
- Improving public sector purchasing
- Overview of mental health services

### CENTRAL GOVERNMENT REPORTS

- Scotland's public finances: preparing for the future
- Review of Cairngorm funicular railway

### NHS REPORTS

- Review of orthopaedic services
- Managing NHS waiting lists
- Overview of the NHS in Scotland's performance 2008/09
- Managing the use of medicines in hospitals: follow-up review

### LOCAL GOVERNMENT REPORTS

- An overview of local government in Scotland 2009
- Making an impact: an overview of the Best Value audits 2004-09
- Asset management in local government

### BEST VALUE REPORTS

- Dundee City Council: BV2 pathfinder audit
- West Dunbartonshire Council: update on progress report
- Tayside Police and Tayside Joint Police Board
- Aberdeen City Council: progress report
- West Dunbartonshire Council: progress report
- East Dunbartonshire Council
- South Ayrshire Council
- Glasgow City Council: progress report

### ANNUAL AUDITS

- 215 annual audits (details are on our website)

### SECTION 22 REPORTS

- The 2008/09 audit of the Mental Health Tribunal for Scotland Administration
- The 2008/09 audit of Transport Scotland
- The 2008/09 audit of Registers of Scotland
- The 2008/09 audit of the Royal Botanic Garden Edinburgh
- The 2007/08 audit of Stow College

### LOCAL GOVERNMENT STATUTORY REPORTS

- Shetland Islands Council: Annual Audit 2008/09

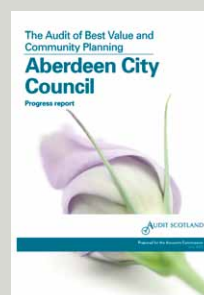
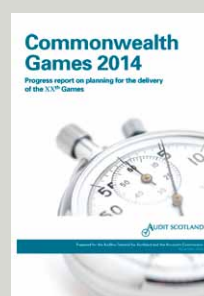
### OTHER PUBLICATIONS

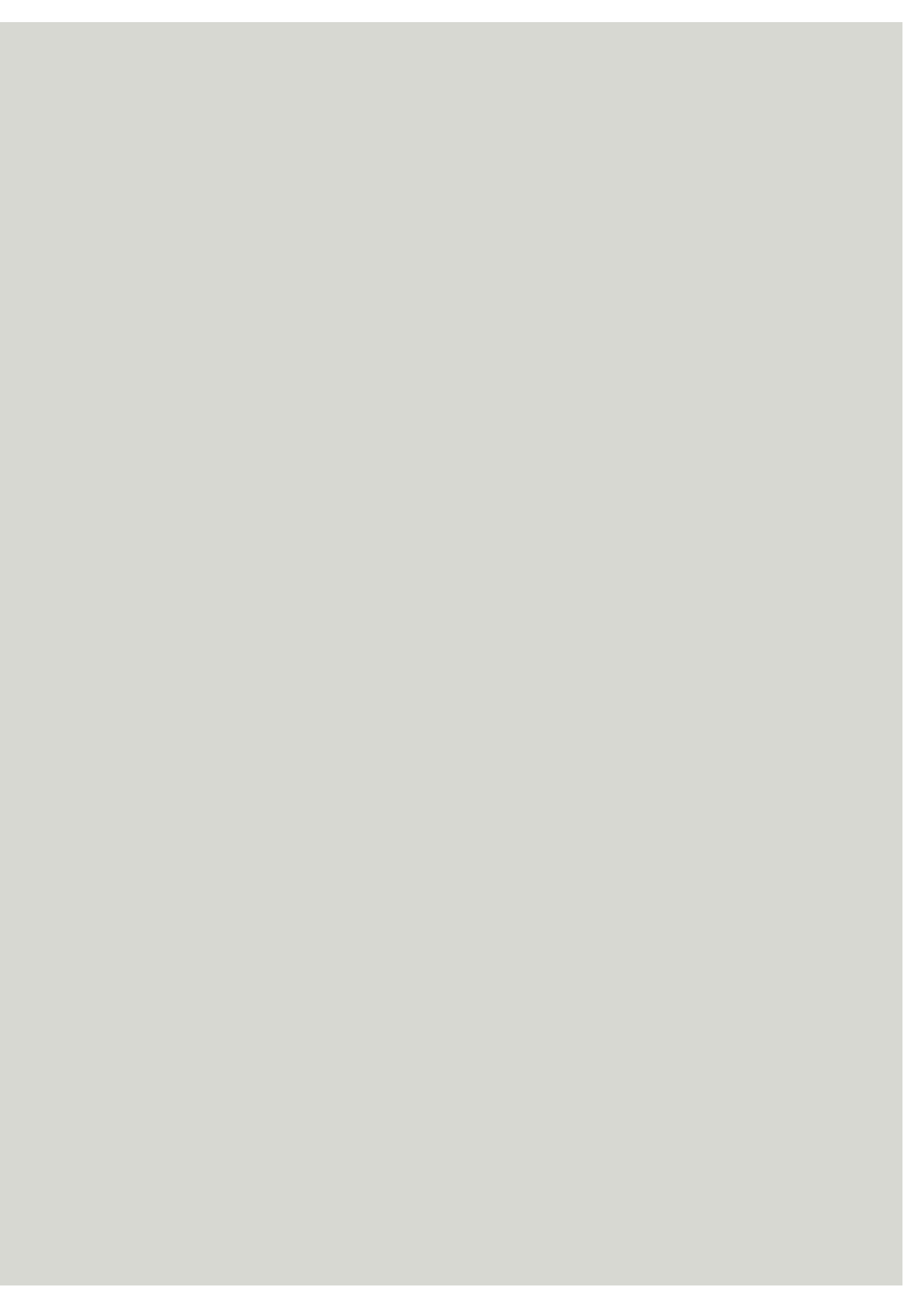
- NHS Audit - Sector plan for 2009-12
- Central Government Audit - Sector plan for 2009-12
- Auditing Best Value in the NHS
- Auditing Best Value in central government bodies
- Priorities and Risks Framework: A national planning tool for 2009/10 NHS Scotland audits
- Health and community care bulletin
- Audit Scotland annual report and accounts 2008/09
- Annual diversity monitoring report 2008/09
- Audit Scotland's annual report on working with other countries 2008/09
- Performance audit standards
- Audit Scotland single equality scheme

### IMPACT REPORTS

- Asset management in local government
- Managing the use of medicines in hospitals
- Drug and alcohol services in Scotland
- Review of the new General Medical Services contract
- The impact of the race equality duty on council services
- Managing increasing prisoner numbers in Scotland
- Sustainable waste management

- Improving the schools estate
- Police call management
- Managing long-term conditions in Scotland
- Palliative care services in Scotland
- Primary care out-of-hours services
- Improving energy efficiency
- The First ScotRail passenger rail franchise
- A performance overview of sport in Scotland





holding to account and helping to improve

audit  
scotland  
annual  
report  
2009 | 10

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