

Guide to Statutory Powers and Obligations

Auditor General for Scotland, the Accounts Commission for Scotland and Audit Scotland



Version 3:

Correct as at 12 December 2017

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Introduction

The purpose of this document is to provide an explanatory guide in connection with the statutory powers and obligations of each of (i) the Auditor General for Scotland, (ii) the Accounts Commission for Scotland and (iii) Audit Scotland.

The powers and obligations of each body, including the statutory provisions from which these powers and obligations stem, are considered separately. It should be noted that while the intention is that this document is as comprehensive as possible, it only considers the relevant powers and obligations of each of the three bodies. It is beyond the scope of the document to consider all the obligations incumbent on other organisations (whether local councils, companies, public bodies or otherwise) which arise as a result of the exercise of any power by the Auditor General, the Accounts Commission or Audit Scotland.

The document will highlight how the bodies interact with one another while simultaneously providing an accessible reference point for each body's specific powers and obligations. Information on the particular statutory powers of each body is provided in the body of the text. A note of the relevant statutory provision from which the power or obligation stems (along with further explanations where appropriate) is included in the footnotes on each page.

The interpretation section below provides definitions for common terminology used throughout the document.

The primary pieces of legislation referred to throughout this document are as follows:

1. The Local Government (Scotland) Act 1973
2. The Scotland Act 1998
3. The Public Finance and Accountability (Scotland) Act 2000

These represent the primary legislation from which the powers and obligations of the three bodies stem but there are also many other additional enactments which are relevant. These additional enactments further develop the structure governing the three bodies, either by introducing separate provisions or by directly amending the above noted statutes.

The table of legislation below details the pieces of legislation which are referred to throughout this document and the respective abbreviated titles used.

This document was last updated on 12 December 2017 and is accurate as at that date.

Interpretation

In this document the following terms have the meanings stated adjacent to them:

“Accounts Commission” means the Accounts Commission for Scotland.

“Auditor General” means the Auditor General for Scotland.

“Audit Scotland” means Audit Scotland.

“Fund” means the Scottish Consolidated Fund.

“Her Majesty” means Her Majesty the Queen.

“Lord Advocate” means the Lord Advocate of Scotland.

“Parliament”	means the Scottish Parliament.
“SCPA”	means the Scottish Commission for Public Audit.
“Scottish Administration”	means those Members of the Scottish Parliament chosen by the First Minister to form the Scottish Government.
“Scottish Ministers”	means the devolved government of Scotland.
“SPCB”	means the Scottish Parliamentary Corporate Body.
“SPSO”	means the Scottish Public Services Ombudsman.
“Standing Orders of the Scottish Parliament”	means the Standing Orders of the Scottish Parliament made in accordance with section 22 of and Schedule 3 to the SA 1998, as amended from time to time.

Table of Statutes

Audit Commission Act 1998	ACA 1998
British Sign Language (Scotland) Act 2015	BSLSA 2015
Companies Act 2006	CA 2006
Company, Limited Liability Partnership and Business Names (Public Authorities) Regulations 2009	CLBNR 2009
Community Empowerment (Scotland) Act 2015	CESA 2015
Charities Accounts (Scotland) Regulations 2006	CASR 2006
Climate Change (Scotland) Act 2009	CCSA 2009

Criminal Justice and Licensing (Scotland) Act 2010	CJLSA 2010
Data Protection Act 1998	DPA 1998
Employment Rights Act 1996	ERA 1996
Environmental Information (Scotland) Regulations 2004	EISR 2004
Ethical Standards in Public Life etc. (Scotland) Act 2000	ESPLSA 2000
Equality Act 2010	EA 2010
Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012	EASDSR 2012
Freedom of Information (Scotland) Act 2002	FOISA 2002
Gaelic Language (Scotland) Act 2005	GLSA 2005
House of Commons Disqualification Act 1975	HCDA 1975
Housing (Scotland) Act 2010	HSA 2010
Human Rights Act 1998	HRA 1998
Investigatory Powers Act 2016	IPA 2016
Law Reform (Miscellaneous Provisions) (Scotland) Act 1980	LRMPSA 1980
Local Audit and Accountability Act 2014	LAAA 2014

Local Government Act 1992	LGA 1992
Local Government in Scotland Act 2003	LGISA 2003
Local Government (Scotland) Act 1973	LGSA 1973
Management of Offenders etc. (Scotland) Act 2005	MOSA 2005
Pensions Act 2004	PA 2004
Prescribed Persons (Reports on Disclosures of Information) Regulations 2017	PPRDIR 2017
Procurement Reform (Scotland) Act 2014	PRSA 2014
Public Finance and Accountability (Scotland) Act 2000	2000 Act
Public Interest Disclosure Act 1998	PIDA 1998
Public Records (Scotland) Act 2011	PRSA 2011
Public Services Reform (Scotland) Act 2010	PSRSA 2010
Regulation of Investigatory Powers Act 2000	RIPA 2000
Scotland Act 1998	SA 1998
Scottish Public Services Ombudsman Act 2002	SPSOA 2002
Serious Crime Act 2007	SCA 2007

Small Business, Enterprise and Employment Act 2015

SBEEA 2015

Superannuation Act 1972

SA 1972

The Auditor General for Scotland

1. The Auditor General for Scotland – Introduction

The Auditor General for Scotland is responsible for the auditing of directorates of the Scottish Government, government agencies such as the Scottish Prison Service, NHS Bodies, further education colleges and most Non Departmental Government Bodies (such as Scottish Enterprise).

The office of the Auditor General was established by section 69(1) of the SA 1998. Section 69(1) (which came into force on 6 May 1999) provides that the Auditor General shall be an individual appointed by Her Majesty on the nomination of the Scottish Parliament¹.

The procedures for nomination for appointment and for removal of the Auditor General are set out in the Standing Orders of the Scottish Parliament². However, section 69(2) provides that no recommendation shall be made to Her Majesty for the removal of the Auditor General unless the Parliament so resolves by a majority of at least two-thirds.

Section 69(3) provides that the validity of any act of the Auditor General is not affected by any defect in his or her nomination by the Parliament.

Section 69(4) provides that the Auditor General shall not, in the exercise of any of his or her functions, be subject to the direction or control of any member of the Scottish Government or of the Parliament.

Notwithstanding the above, section 69(5) ensures that the Parliament can place requirements on the Auditor General in relation to the preparation of his or her own accounts. Provision is made for this in sections 19(8) and 25 of the 2000 Act.

Section 70(1) of the SA 1998 required “Scottish Legislation” to be enacted to enable the Auditor General (or auditors appointed by the Auditor General) to carry out the following functions³:

1. issue credits for payment of sums out of the Fund⁴;
2. examine, certify and report on parliamentary accounts;
3. carry out examinations into the economy, efficiency and effectiveness with which the Scottish Ministers and the Lord Advocate have used their resources in discharging their functions; and
4. carry out examinations into the economy, efficiency and effectiveness with which other persons determined under Scottish legislation to whom sums are paid out of the Fund have used those sums in discharging their functions.

The relevant legislation for the purposes of enacting these functions is the 2000 Act, in particular sections 21 to 25 which came into force on 1st April 2000.

Pre-enactment provisions

Section 120 of the SA 1998 deals with any legislation in force prior to the commencement of the SA 1998 which required any accounts or documents to be examined by the Comptroller and Auditor General for the UK. From the date of commencement of the SA 1998, such provisions, insofar as they relate to Scottish functions, shall have effect as if references to the Comptroller and Auditor General were references to the Auditor General for Scotland. In effect this provision transfers responsibility for these functions to the Auditor General for Scotland.

¹ SA 1998 - s.69(1)

² Standing Orders of the Scottish Parliament - Rule 3.11

³ SA 1998 - s.70(1) (the functions themselves are detailed in 70(2))

⁴ Provision for the issuing of credits is made in section 5(1) of the 2000 Act. A “credit” means a written authority from the Auditor General.

Remuneration of the Auditor General

The amount of any salary and related allowances payable to the Auditor General are determined by the SPCB⁵, a body of the Scottish Parliament responsible for the administration of the Parliament itself.

The salary and any allowances, together with any expenses incurred by the Auditor General must be paid by Audit Scotland⁶. In addition, Audit Scotland must make arrangements for the payment of pensions, gratuities or other allowances to a person who has ceased to be Auditor General⁷.

Appointment and Term of Office

A person appointed to the position of Auditor General will hold office for a period of 8 years⁸ and will vacate office on the expiry of that period.

The Auditor General may be relieved of office by Her Majesty⁹ subject to the caveat that such removal will only be at the request of Parliament following a resolution passed by a two-thirds majority.

A person having held the office of Auditor General shall not be eligible for re-appointment¹⁰.

In the event that the office of Auditor General is vacant, the SCPA may appoint a person to discharge the functions of the Auditor General. This person may be, but is not required to be, a member of staff of Audit Scotland. Such appointment will last until the appointment of a new Auditor General takes place or until the expiry of the period of 12 months beginning with the date on which the vacancy arose¹¹.

A person so appointed shall, with some minor exceptions¹², be treated for all purposes as the Auditor General and shall hold office on such terms as the SPCB may determine¹³. Any remuneration or other sums due as a result of the appointment will be paid by Audit Scotland¹⁴.

Delegation of Functions

Any function of the Auditor General may be exercised on his or her behalf by any person (whether or not a member of staff of Audit Scotland) who is authorised by the Auditor General to do so¹⁵. The only caveat to this provision is that the Auditor General's functions under sections 21(4) and 23(8) of the 2000 Act may only be exercised on behalf of the Auditor General where he or she is incapable of exercising those functions personally.

Section 21(4) deals with the decision as to specifically who will audit any account sent to the Auditor General for audit. Section 23 deals with the initiation of an examination into the economy, efficiency and effectiveness of a particular body or office holder and, in particular, section 23(8) provides that only the Auditor General personally can initiate an examination and decide who is to carry out the examination.

Accountable Officer

In general the Auditor General will be the accountable officer for Audit Scotland, although the SCPA can designate a member of staff of Audit Scotland as the accountable officer¹⁶. The accountable officer has the following functions¹⁷:

⁵ 2000 Act - s.13(1)

⁶ 2000 Act - s.13(2)

⁷ 2000 Act - s.13(3) and (4)

⁸ 2000 Act - s.13(4A) (This 8 year time limit was imposed by the PSRSA 2010 s.118(4)(a). Previously an individual was required to retire from the office of Auditor General at the age of 65 but this provision was removed by the Employment Equality (Age) (Consequential Amendments) Regulations 2007/825 reg.4(2)(b))

⁹ 2000 Act - s.13(5)

¹⁰ 2000 Act - s.13(5A) (This provision was imposed by the PSRSA 2010 s.118(4)(c))

¹¹ 2000 Act - s.13(9)

¹² 2000 Act - s.13(10)(b)

¹³ 2000 Act - s.13(10)(a)

¹⁴ 2000 Act - s.13(11)

¹⁵ 2000 Act - s.13(6)

¹⁶ 2000 Act - s.18(1)

¹⁷ 2000 Act - s.18(3)

1. signing the accounts of the expenditure and receipts of Audit Scotland;
2. ensuring the propriety and regularity of the finances of Audit Scotland; and
3. ensuring the resources of Audit Scotland are used economically, efficiently and effectively.

Where the accountable officer feels any action which he or she is required to take may be inconsistent with the functions specified above, they must obtain written authority from Audit Scotland before taking the action and, as soon as possible, send a copy of the authority to any person appointed to audit an account of Audit Scotland¹⁸.

2. Audit of Accounts by the Auditor General

The statutory rules and obligations relating to the preparation and audit of public accounts in Scotland are set out in the 2000 Act.

Requirement to prepare accounts

Section 19 of the 2000 Act places a statutory duty on the Scottish Ministers, the Lord Advocate for Scotland and every other person or body to whom any sums are paid out of the Fund in any financial year, to prepare accounts of their expenditure and receipts for that year¹⁹. The Scottish Ministers must also prepare an account of payments into and out of the Fund for each financial year.

Accounts prepared in accordance with section 19 must be sent to the Auditor General for auditing²⁰. The only exception is accounts prepared by Audit Scotland (including the accounts for the Auditor General) which must be sent to the SCPA for auditing²¹.

In addition, section 20 of the 2000 Act provides that the Scottish Ministers may prepare consolidated accounts for any financial year (in such fashion as they may determine) for the Scottish Administration and any body or office-holder or class of body or office-holder which (to the Scottish Ministers) appears to exercise functions of a public nature or appears to be entirely or substantially funded from public money²².

Such bodies must prepare such financial information as the Scottish Ministers may require, arrange for such information to be audited in accordance with Scottish Ministers' requirements and then send the information to the Scottish Ministers²³.

Accounts prepared in accordance with the above must then be sent to the Auditor General who must examine the accounts and prepare a report on whether they have been prepared in accordance with the Scottish Ministers' determination²⁴. The report must then be sent to the Scottish Ministers to be laid before Parliament²⁵.

Auditing of Accounts

Where accounts are required to be sent to the Auditor General in accordance with the above provisions, the accounts must be sent within 6 months of the end of the financial year to which the accounts relate²⁶.

The accounts will then be audited either by the Auditor General or by a suitably qualified person appointed by the Auditor General²⁷. As indicated above, it is for the Auditor General alone to determine personally who will audit any given account.

¹⁸ 2000 Act - s.18(4)

¹⁹ 2000 Act - s.19(1)

²⁰ 2000 Act - s.19(7)

²¹ 2000 Act - s.19(8)

²² 2000 Act - s.20(1) (It should be noted that while this power is granted to Scottish Ministers under the 2000 Act, the power has, to date, never been exercised.)

²³ 2000 Act - s.20(3)

²⁴ 2000 Act - s.20(4) and (5)

²⁵ 2000 Act - s.20(6)

²⁶ 2000 Act - s.21(2)

²⁷ 2000 Act - s.21(5) (A "suitably qualified person" means a person eligible for appointment as a statutory auditor under Chapter 2 of Part 42 of the Companies Act 2006 or a member of a body of accountants established in the UK or another EEA State.)

The chosen auditor (whether Audit Scotland or otherwise) must prepare a report setting out the auditor's findings in relation to the account²⁸. Where the report is prepared by any auditor other than the Auditor General, the report and the account must be sent to the Auditor General who may prepare a further report on the account if deemed necessary²⁹.

Finally, the Auditor General must then send the account, the auditor's report and any report prepared by the Auditor General, to the Scottish Ministers. All audited accounts and any reports must be received by the Scottish Ministers in sufficient time to allow them to lay a copy of each account and any reports before Parliament, and to publish every such account and report, not later than 9 months after the end of the financial year to which the account relates³⁰.

Economy, efficiency and effectiveness examinations

In addition to his or her responsibilities in relation to audit, the Auditor General also has the power to initiate examinations into the economy, efficiency and effectiveness of certain bodies or office-holders³¹. The bodies and office-holders into which an examination can be carried out are as follows³²:

1. Any body or office-holder subject to audit under sections 21 or 22 of the 2000 Act (i.e. the Scottish Ministers, the Lord Advocate for Scotland and every other person or body to whom any sums are paid out of the Scottish Consolidated Fund).
2. Any body or office-holder specified by an order of the Scottish Ministers³³. The Scottish Ministers must reasonably believe that more than a quarter of the income of the body or office-holder was received from public funds or the amount of income received by the body or office-holder from public funds exceeded £500,000. The subsequent investigation into the body or office-holder should only relate to such periods during which the Auditor General reasonably believes that these amounts have been exceeded.
3. Any body or office-holder which agrees to such an examination.

In determining whether an examination is to be carried out, the Auditor General must take into account any proposals made by Parliament³⁴. Furthermore, before initiating an examination in respect of Scottish Water, the Auditor General must consult the Water Industry Commission for Scotland³⁵.

As indicated above, where the examination will be undertaken by an individual other than the Auditor General, it is for the Auditor General alone to determine personally who will undertake the examination³⁶. Where the examiner is not the Auditor General, the examiner must report the results of the examination to the Auditor General who may report the results to parliament and/or publish the results of the examination³⁷.

Defamation

The PSRSA 2010 amended the 2000 Act by the insertion of a new section 23A. This section provides that, for the purposes of the law of defamation, any report sent to the Scottish Ministers under section 22(4) (dealing with reports on audits) and the results of any examination carried out and reported to Parliament under section 23 are absolutely privileged³⁸. In effect, therefore, no claim for defamation can be brought against the Auditor General or any auditor for the contents of any such report or examination.

²⁸ 2000 Act - s.22(1) and (2)

²⁹ 2000 Act - s.22(3)

³⁰ 2000 Act - s.22(4) and (5)

³¹ 2000 Act - s.23(1)

³² 2000 Act - s.23(2)

³³ The most recent of such orders is the Public Finance and Accountability (Scotland) Act 2000 (Economy, efficiency and effectiveness examinations) (Specified bodies etc.) Order 2010 which came into force on 20th December 2010.

³⁴ 2000 Act - s.23(6)

³⁵ 2000 Act - s.23(7) (as modified by the Water Industry (Scotland) Act 2002 asp 3 (Scottish Act) Sch.7 para.27(2) and Water Services etc. (Scotland) Act 2005 asp 3 (Scottish Act) Sch.5 para.5)

³⁶ 2000 Act - s.23(8)

³⁷ 2000 Act - s.23(10) and (11)

³⁸ 2000 Act - s.23A

Auditor General's Reports on Bills introduced to the Scottish Parliament

The Standing Orders of the Scottish Parliament require that, in particular circumstances, the Auditor General must prepare a report on Bills which are introduced to the Parliament.

Rule 9.3 part 4 states that where a Bill is proposed which includes a provision charging expenditure on the Scottish Consolidated Fund, it must be accompanied by a report signed by the Auditor General for Scotland (referred to as "an Auditor General's Report") setting out the Auditor General for Scotland's views on whether the charge is appropriate³⁹.

3. Access to Documents and Information

Section 24 of the 2000 Act provides for access by an auditor (whether the Auditor General, Audit Scotland or such other auditor as may be appointed) to information relating to public bodies or office-holders.

Access to Documents and Information in relation to Audit of Accounts

For the purposes of the audit of an account of a public body or office-holder an auditor is entitled to the following⁴⁰:

1. To have access at all reasonable times to any document⁴¹ which the auditor may reasonably require which is in the possession or under the control of the body or office-holder who prepared the account.
2. To require from any person holding, or accountable for, any such document any assistance, information or explanation which the auditor reasonably thinks necessary.
3. To require the body or office-holder who prepared the account to provide, at times specified by the auditor, accounts of such of the transactions of the body or office-holder as the auditor may specify.

The auditor is also entitled to have access to any document in the possession, or under the control, of a "relevant person"⁴² which the auditor reasonably thinks is necessary for the purposes of the audit. In addition, the auditor may require from such relevant person any assistance, information or explanation which the auditor reasonably thinks is necessary.

Access to Documents and Information in relation to Examinations

For the purposes of an examination into the economy, efficiency and effectiveness of a public body or office-holder the examiner (whether the Auditor General, Audit Scotland or such other examiner as may be appointed) is entitled to the following:

1. To have access at all reasonable times to any document which the examiner may reasonably require which is in the possession or under the control of the body or office-holder in question.
2. To require from any person holding, or accountable for, any such document any assistance, information or explanation which the examiner reasonably thinks necessary.
3. To require the body or office-holder to provide, at times specified by the examiner, accounts of such of the transactions of the body or office-holder as the examiner may specify.

The examiner is also entitled to have access to any document in the possession, or under the control, of a "relevant person" which the examiner reasonably thinks is necessary for the purposes of the examination. In

³⁹ Standing Orders of the Scottish Parliament - Rule 9.3 Part 4

⁴⁰ 2000 Act - s.24(1)

⁴¹ For the purposes of s.24 of the 2000 Act the term "document" means anything in which information is recorded in any form.

⁴² A "relevant person" means a person or a class that has been specified by the Scottish Ministers in an order made by statutory instrument. In relation to audits and examinations this is currently set out in the Public Finance and Accountability (Scotland) Act 2000 (Access to Documents and Information) (Relevant Persons) Order 2003/530.

addition, the examiner may require from such relevant person any assistance, information or explanation which the examiner reasonably thinks is necessary.

4. Other Statutory Provisions which apply to the Auditor General

Public Records (Scotland) Act 2011

This act applies to the Auditor General, the Accounts Commission and Audit Scotland. As listed bodies under the act, each body must⁴³:

1. prepare a records management plan setting out proper arrangements for the management of its public records;
2. submit the plan to the Keeper of the Records of Scotland⁴⁴; and
3. ensure that its public records are managed in accordance with the plan as agreed with the Keeper.

Climate Change (Scotland) Act 2009

Section 44 of the CCSA 2009 provides that all public bodies must, in the exercise of their functions, act as follows⁴⁵:

1. in the way best calculated to contribute to the delivery of the targets set in or under Part 1 of the CCSA 2009⁴⁶;
2. in the way best calculated to help deliver any programme laid before the Scottish Parliament under section 53 of the CCSA 2009; and
3. in a way that it considers is most sustainable.

Section 53 of the CCSA 2009 provides that where the Secretary of State⁴⁷ lays a report before the UK Parliament reporting on the impact of climate change, the Scottish Ministers must subsequently lay a programme before the Scottish Parliament. The programme must set out various proposals and objectives for adapting to climate change and address the risks identified in the report.

The Scottish Ministers must also give guidance to relevant public bodies in relation to their climate change duties and those bodies must have regard to such guidance⁴⁸.

For the purposes of the CCSA 2009, the term public body means any Scottish Public Authority as defined in Section 3(1)(a) of FOISA 2002. Thus, the Auditor General, the Accounts Commission and Audit Scotland must all act in accordance with the act.

Company, Limited Liability Partnership and Business Names (Public Authorities) Regulations 2009

These regulations provide that the Accounts Commission, the Auditor General and Audit Scotland are all relevant public authorities for the purposes of section 54 and section 1193 of the Companies Act 2006⁴⁹. Accordingly, the approval of the Scottish Ministers is required for the registration of a company or LLP with a name which gives the impression that the company or LLP is associated with the Accounts Commission, the Auditor General or Audit Scotland⁵⁰. Prior to granting approval the Scottish Ministers must also seek the

⁴³ PRSA 2011 - s.1

⁴⁴ One of the statutory titles of the Chief Executive of the National Records of Scotland.

⁴⁵ CCSA 2009 - s.44

⁴⁶ Part 1 of the CCSA 2009 deals with the setting of Emission Reduction Targets.

⁴⁷ In this context Secretary of State means the UK Secretary of State for Energy and Climate Change.

⁴⁸ CCSA 2009 - s.45

⁴⁹ CLBNR 2009 - reg. 3

⁵⁰ CA 2006 - s.54

opinion of the Accounts Commission, the Auditor General or Audit Scotland (respectively) as to whether or not such approval should be granted⁵¹.

In addition a person must not carry on any business in the United Kingdom under a name which gives the impression that the business is associated with the Accounts Commission, the Auditor General or Audit Scotland, without the approval of the Scottish Ministers⁵².

Companies Act 2006 - Companies subject to public sector audit

Where a company has its registered office in Scotland and it appears to the Scottish Ministers that the company exercises functions of a public nature or is entirely or substantially funded from public funds, the Scottish Ministers may require that the accounts of the company be audited by the Auditor General⁵³.

The current list of public sector companies in Scotland which require to be audited by the Auditor General, is provided in the Companies Act 2006 (Scottish public sector companies to be audited by the Auditor General for Scotland) Order 2008. This order came into force on 6th April 2008.

Charities Accounts (Scotland) Regulations 2006

Regulation 10(1) of the CASR 2006 requires charities to have their accounts formally audited in certain circumstances⁵⁴. In such circumstances the accounts must be audited by an auditor eligible for appointment as a statutory auditor under the CA 2006 or by an auditor appointed by the Accounts Commission or the Auditor General.

Gaelic Language (Scotland) Act 2005

The GLSA 2005 established a body, known as Bòrd na Gàidhlig (the Bòrd), to promote the use and understanding of the Gaelic language in Scotland⁵⁵.

In addition to developing a nationwide Gaelic language plan, the Bòrd also has the power to require Scottish public authorities to prepare and implement Gaelic language plans⁵⁶. These plans set out how the public authority will use the language in connection with the exercise of its functions.

“Scottish public authority” is defined as any public body or office-holder with functions which can be exercised only in, or as regards, Scotland and would therefore include each of the Auditor General, the Accounts Commission and Audit Scotland. To date, no such request has been made by the Bòrd to any of the three bodies, however such a request could be made in the future.

In the event that the Bòrd was to request that the Auditor General, the Accounts Commission or Audit Scotland prepare a Gaelic language plan, it would need to do so by written notice giving the body in question no less than 6 months within which to prepare the plan⁵⁷.

In deciding whether or not to require a public authority to prepare a Gaelic language plan, the Bòrd must have regard to:

1. the most recent national Gaelic language plan (if any);
2. the extent to which the Gaelic language is used by persons in relation to whom the functions of the authority are exercisable, and whether, in the Bòrd's opinion, there is potential for the authority to develop the use of the Gaelic language in connection with the exercise of those functions;
3. any representations made to it in relation to the use of the Gaelic language in connection with the exercise of those functions; and

⁵¹ CLBNR 2009 - reg. 4

⁵² CA 2006 - s.1193

⁵³ CA 2006 - s.483

⁵⁴ For instance where the charity has gross income over £500,000.

⁵⁵ GLSA 2005 - s.1

⁵⁶ GLSA 2005 - s.3

⁵⁷ GLSA 2005 - s.3(2)(a)

4. any guidance given by the Scottish Ministers.

Pensions Act 2004

Section 86 of the PA 2004 permits the disclosure of restricted information by the Pensions Regulator to various offices and organisations (listed in Schedule 3 of the act) where the Pensions Regulator considers the disclosure would enable or assist that organisation in the exercise of its functions. The Auditor General is one of the offices to which such a permitted disclosure can be made.

Freedom of Information (Scotland) Act 2002

Schedule 1 of FOISA 2002 lists the Accounts Commission, the Auditor General and Audit Scotland as Scottish Public Authorities to which the act applies⁵⁸.

FOISA 2002 provides that where a person requests information from a Scottish public authority (for instance Audit Scotland) that person is entitled to be given the information by the authority⁵⁹.

The Accounts Commission, the Auditor General and Audit Scotland are therefore required to provide information requested by a person unless it falls into one of the exempt categories listed in part 2 of FOISA 2002. Information must usually be provided by not later than the twentieth working day after the request is received.

In addition, all Scottish Public Authorities defined in FOISA 2002 are subject to the Environmental Information (Scotland) Regulations 2004 which came into force on 1 January 2005. These regulations implemented Directive 2003/4/EC of the European Parliament on public access to environmental information.

Under the regulations each Scottish Public Authority must take reasonable steps to organise and keep up to date the environmental information, relevant to its functions, which it holds. The authority must maintain this information with a view to the active and systematic dissemination of the information to the public and shall make that information progressively available to the public by electronic means⁶⁰.

Furthermore a Scottish Public Authority that holds environmental information shall make it available when requested to do so by any applicant⁶¹. Such requests and the subsequent responses by a Public Authority are made on broadly the same terms as requests under FOISA 2002. For the purposes of the regulations, "Environmental Information" is broadly defined and can include, for example, policies, plans and programmes relating to the environment; reports on the state of the environment; and data or summaries of data derived from the monitoring of activities that affect or are likely to affect the environment.

Scottish Public Services Ombudsman Act 2002

The Accounts Commission, the Auditor General and Audit Scotland are each a "listed authority" for the purposes of the SPSOA 2002. As such, they are liable to investigation by the Scottish Public Services Ombudsman ("SPSO")⁶².

The Ombudsman is entitled to investigate any failure in a service provided by an authority or any failure of an authority to provide a service which it was a function of the authority to provide. Such investigations may take place either where a complaint has been made to the Ombudsman or the authority in question has requested the investigation.

Where an investigation uncovers maladministration or service failure, the SPSO will produce a report making recommendations for how the authority in question can address the identified issues. The report must be sent

⁵⁸ FOISA 2002 - Sch.1(7) para. 57

⁵⁹ FOISA 2002 - s.1(1)

⁶⁰ EISR 2004 - reg. 4

⁶¹ EISR 2004 - reg. 5

⁶² SPSOA 2002 - Sch.2(2) para. 18, 19 and 20

to the authority in question, the Scottish Ministers and, where the investigation was made as a result of a complaint, to the individual or party who made the complaint⁶³.

In the event that an authority does not implement the recommendations made in the SPSO's report following a complaint, the SPSO may prepare a further "Special Report" to be laid before Parliament. Following this, Parliament may take such further action as it deems appropriate.

In addition to the investigatory procedures outlined above, section 119 of the PSRSA 2010 amended the SPSOA 2002 with the addition of new sections 16A to 16F which deal with complaints handling procedures ("CHPs").

In particular, section 16A requires each listed authority to have in place a "complaints handling procedure" in respect of actions taken by the authority⁶⁴. The SPSO itself is required to publish a "statement of principles"⁶⁵ concerning how CHPs should operate and it is the responsibility of each listed authority to ensure its particular procedure complies with the statement of principles.

The SPSO may also produce model CHPs and specify that such model CHPs apply to particular listed authorities⁶⁶. Where the SPSO provides that a model CHP applies to a particular authority it must notify the authority that the model CHP applies, following which the authority in question must ensure its CHP matches the requirement of the model CHP.

Human Rights Act 1998

Each of the Auditor General, the Accounts Commission and Audit Scotland are subject to the terms of the HRA 1998. As such it is unlawful for any of the three bodies to act in a way which is incompatible with the European Convention on Human Rights unless they are obliged to do so by UK statute.

Public Interest Disclosure Act 1998

The Public Interest Disclosure Act 1998 ("PIDA 1998") amended the Employment Rights Act 1996 ("ERA 1996") by the addition of Part IVA dealing with "Protected Disclosures". A protected disclosure is defined as any disclosure of information made by a worker to one of a range of bodies and organisations ("prescribed persons")⁶⁷. The information must, in the reasonable belief of the worker, be made in the public interest and show one of the following:

1. that a criminal offence has been committed, is being committed or is likely to be committed;
2. that a person has failed, is failing or is likely to fail to comply with any legal obligation to which he is subject;
3. that a miscarriage of justice has occurred, is occurring or is likely to occur;
4. that the health or safety of any individual has been, is being or is likely to be endangered;
5. that the environment has been, is being or is likely to be damaged; or
6. that information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed.

The Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2003 (which amended the Public Interest Disclosure (Prescribed Persons) Order 1999) provides that, for the purposes of the PIDA 1998 and the ERA 1996, the Accounts Commission, the Auditor General and Audit Scotland are prescribed persons. A worker may therefore make a protected disclosure to the Accounts Commission, the Auditor General or Audit

⁶³ SPSOA 2002 - s.15

⁶⁴ SPSOA 2002 - s.16A(2)

⁶⁵ SPSOA 2002 - s.16A(1)

⁶⁶ SPSOA 2002 - s.16B(1)

⁶⁷ PIDA 1998 - s.1

Scotland in relation to the proper conduct of public business, value for money, fraud and corruption in public bodies⁶⁸.

With effect from 1 October 2014, the Public Interest Disclosure (Prescribed Persons) Order 1999 was revoked and replaced by the Public Interest Disclosure (Prescribed Persons) Order 2014 (the “2014 Order”). The 2014 Order still provided that the Accounts Commission, the Auditor General and Audit Scotland were to be “prescribed persons”. However, the Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2017 deleted reference to Audit Scotland in the 2014 Order. As a result, Audit Scotland itself is no longer listed as a “prescribed person” for the purposes of the PIDA 1998 and the ERA 1996⁶⁹. That said, the 2014 Order provides that auditors appointed by the Accounts Commission to audit the accounts of local government bodies and persons appointed by the Auditor General or on his/her behalf under the PFASA 2000 to act as auditors or examiners for the purposes of sections 21 to 24 of the PFASA 2000 shall still be considered prescribed persons. On that basis, and in that capacity, Audit Scotland should technically be considered a prescribed person and would still be empowered to investigate whistleblowing claims.

Section 148 of the Small Business, Enterprise and Employment Act 2015 (“SBEEA 2015”) amends the ERA 1996 by the insertion of a new Section 43FA. That section provides that the Secretary of State may make regulations requiring a person prescribed for the purposes of section 43F (i.e. Audit Scotland, the Accounts Commission or the Auditor General) to produce an annual report on disclosures of information made to the person by workers.

The regulations must set out the matters that are to be covered in a report, but must not require a report to provide detail that would enable the identification of a worker who has made a disclosure or the identification of an employer or other person in respect of whom a disclosure has been made.

In accordance with the aforementioned power, the Secretary of State has published The Prescribed Persons (Reports on Disclosures of Information) Regulations 2017. These regulations come into force on 1 April 2017. From the commencement of the Regulations, Audit Scotland, the Auditor General and the Accounts Commission, as “prescribed persons” will be required to publish annual reports, detailing the protected disclosures which it has received in each 12 month period running from 1 April each year⁷⁰.

The report must contain, without including any information in the report that would identify a worker who has made a disclosure of information, or an employer or other person in respect of whom a disclosure of information has been made:

1. the number of workers’ disclosures received during the reporting period that the relevant prescribed person reasonably believes are qualifying disclosures within the meaning of section 43B of the ERA 1996; and which fall within the matters in respect of which that person is so prescribed;
2. the number of those disclosures in relation to which the relevant prescribed person decided during the reporting period to take further action;
3. a summary of the action that the relevant prescribed person has taken during the reporting period in respect of the workers’ disclosures; and how workers’ disclosures have impacted on the relevant prescribed person’s ability to perform its functions and meet its objectives during the reporting period; and
4. an explanation of the functions and objectives of the relevant prescribed person.

Law Reform (Miscellaneous Provisions) (Scotland) Act 1980 (“LRMPSA 1980”)

As a public official, the Auditor General is listed in Schedule 1 of the LRMPSA 1980 as an individual who is ineligible for or excused from jury duty.

5. Accounts which must be sent to the Auditor General for auditing

⁶⁸ Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2003/1993 Sch. 1 para. 1

⁶⁹ The Board of Audit Scotland has been advised that the amendment made by the Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2017 was in error and that this change will be rectified in due course. At the time of writing, however, the provision stands.

⁷⁰ PPRDIR 2017 – s.3(1)

As indicated in the introduction to this section, the Auditor General is responsible for the audit of a large number of public bodies. Individual responsibility for the audit of each public body will be assigned either to Audit Scotland or a private firm of auditors by the Auditor General.

The precise list of public bodies and their assigned auditors is dynamic and for that reason a formal list is not included here. An up to date list of bodies can be found on the Audit Scotland website here: <http://www.audit-scotland.gov.uk/about-us/audit-scotland/audit-appointments>.

The Accounts Commission for Scotland

1. The Accounts Commission for Scotland – Introduction

The Accounts Commission was established under Section 97(1) of the LGSA 1973 and is the body responsible for the audit of all local authorities in Scotland.

In addition, the Accounts Commission is responsible for the audit of certain other public authorities in Scotland such as Valuation Joint Boards, Integration Joint Boards and Regional Transport Bodies⁷¹.

The Accounts Commission can assign individual responsibility for the audit of the accounts of a particular body either to Audit Scotland or to an independent firm of auditors. Once an audit has taken place, a report may be prepared by the auditor and submitted to the Accounts Commission for consideration.

In addition to these responsibilities in relation to audit, the Accounts Commission advises Scottish Ministers on matters relating to the accounting of local authorities and makes recommendations both to Scottish Ministers and local authorities on accounting practice.

2. Membership and Meetings of the Accounts Commission

Membership of the Accounts Commission

The Accounts Commission is made up of between 6 and 12 members appointed by the Scottish Ministers⁷² following consultation with such local authorities or other organisations as they may think appropriate. The terms of a member's appointment are determined by the Scottish Ministers and members shall hold and vacate office in accordance with such terms⁷³. Members are entitled to resign their appointment by giving written notice to the Scottish Ministers and a person who has previously held office as a member of the Accounts Commission is entitled to be reappointed⁷⁴.

The Scottish Ministers shall appoint one member to be chairman of the Accounts Commission and another to be deputy chairman. Each of the chairman and deputy chairman may at any time resign office by giving notice in writing to the Scottish Ministers and, in the event that the chairman or deputy chairman ceases to be a member of the Accounts Commission, he shall cease to be chairman (or deputy chairman as the case may be)⁷⁵.

Members of the Accounts Commission are entitled to remuneration in the form of such salary, fees or other allowances as are approved by the Scottish Ministers. Any such salary, fees or allowances shall be paid by Audit Scotland⁷⁶.

Meetings of the Accounts Commission

The quorum for any meeting of the Accounts Commission shall be any four members or such larger number as the Accounts Commission may determine from time to time⁷⁷. In the event of an equality of votes at any meeting the chairman of the meeting shall have a second or casting vote⁷⁸.

The proceedings of the Accounts Commission shall not be invalidated by any vacancy in its membership, nor by any defect in the appointment of any member, the chairman or the deputy chairman⁷⁹.

⁷¹ Local Government etc. (Scotland) Act 1994 s.40(7)

⁷² LGSA 1973 - s.97(1)

⁷³ LGSA 1973 - Sch. 8 para. 2(1)

⁷⁴ LGSA 1973 - Sch. 8 para. 2(2) and (3)

⁷⁵ LGSA 1973 - Sch. 8 para. 3

⁷⁶ LGSA 1973 - Sch. 8 para. 3A

⁷⁷ LGSA 1973 - Sch. 8 para. 4(1)

⁷⁸ LGSA 1973 - Sch. 8 para. 4(2)

⁷⁹ LGSA 1973 - Sch. 8 para. 4(3)

Subject to the above provisions in relation to meetings, the Accounts Commission has the power to regulate its own proceedings⁸⁰.

Removal from membership

The Scottish Ministers may remove a person from membership of the Accounts Commission where that person:

1. is sequestrated or enters into a trust deed with his creditors;
2. is incapacitated by physical or mental illness;
3. has been absent from meetings of the Accounts Commission for a period longer than 6 consecutive months;
4. is otherwise unable or unfit to discharge the functions of a member.

3. Functions and Powers of the Accounts Commission

Primary Functions

The primary functions of the Accounts Commission are as follows⁸¹:

1. securing the audit of all accounts of local authorities;
2. considering any reports made in relation to such accounts;
3. making recommendations to the Scottish Ministers and to local authorities; and
4. advising the Scottish Ministers on matters relating to the accounting of local authorities⁸².

The Accounts Commission has the power to do all such acts as shall appear necessary or expedient for the exercise of its functions⁸³.

In addition, the Accounts Commission has the power to incur such expenses as may be necessary or expedient for the proper discharge of its functions and such expenses shall be met by Audit Scotland⁸⁴.

Studies for improving economy etc.

The Accounts Commission also has the power to undertake studies into and make recommendations on the following⁸⁵:

1. the securing of “best value” by local authorities (in this context “best value” means the continuous improvement of the authority’s functions and the maintaining of a balance among the quality of its performance and the cost of that performance⁸⁶);
2. improving economy, efficiency and effectiveness in the provision of services by local authorities; and
3. improving the financial or other management of local authorities.

⁸⁰ LGSA 1973 - Sch. 8 para. 4(4)

⁸¹ LGSA 1973 - s.97(2)

⁸² For example, section 101A of the LGSA 1973 (as inserted by Social Security Administration (Fraud) Act 1997 c. 47 s.7(3)) provides that the Accounts Commission or an auditor may refer to the Secretary of State any matter arising from an audit or study if it appears that it may be relevant for the purposes of any of the functions of the Secretary of State relating to social security.

⁸³ LGSA 1973 - Sch. 8 para. 7

⁸⁴ LGSA 1973 - s.98

⁸⁵ LGSA 1973 - s.97A(1)

⁸⁶ As defined in LGISA 2003 s.1

Furthermore, the Accounts Commission may, at the request of the Scottish Ministers, undertake economy, efficiency and effectiveness studies in relation to the provision of housing benefit and council tax benefit by local authorities⁸⁷.

Delegation of Functions

The Accounts Commission has the authority to delegate any of the functions outlined above (with a few exceptions), either to a member of staff of Audit Scotland or to another person⁸⁸. The exceptions are as follows⁸⁹:

1. the consideration of reports received by the Accounts Commission;
2. the appointment of an auditor and the decision as to who will audit any specific account; and
3. the decision to undertake any form of study (as described above).

Each of the above noted functions must be performed by the Accounts Commission itself. Furthermore, no delegation of functions by the Accounts Commission shall relieve it of any of its statutory responsibilities⁹⁰.

Requirement to provide information to the Accounts Commission

The Accounts Commission has the power to require any local authority or related body that is subject to audit under the LGSA 1973 to provide such information or documents as may be required for the Accounts Commission to carry out its functions⁹¹.

This requirement to provide information also applies to any officer or member of any such body and any person who, by arrangement or agreement, is discharging any function of an authority or related body.

Failure, without reasonable cause, to provide such information when requested is a criminal offence punishable by a fine.⁹²

Publication of information as to standards of performance

Section 1(1) of the LGA 1992 provides that the Accounts Commission shall give directions to such relevant bodies (being those bodies for whom it is responsible for audit) as it thinks fit, requiring the body to publish information relating to their financial activities in any given year or other specified period.

The information published should, in the opinion of the Accounts Commission, facilitate the making of appropriate comparisons between the standards of performance achieved by different relevant bodies in the financial year or other period in question and the standards of performance achieved by such bodies in different financial years or, as the case may be, other periods⁹³.

Ultimately, the information should enable the Accounts Commission to ensure that the bodies in question are discharging their obligations under Section 1 (duty to secure best value) and Part 2 (community planning) of the LGISA 2003.

Section 106 of the LGSA 1973

Section 106 provides that the above noted functions of the Accounts Commission in relation to local authorities (i.e. audit; economy, efficiency and effectiveness examinations; requirement to provide information) shall also apply in relation to the following categories of bodies:

1. any committee, joint committee or joint board all the members of which, other than any ex officio members, are appointed by one or more local authorities;

⁸⁷ LGSA 1973 – S. 105A (as inserted by the Social Security Administration (Fraud) Act 1997 s.7(4))

⁸⁸ LGSA 1973 - s.97(2AA)

⁸⁹ LGSA 1973 - s.97(2AB)

⁹⁰ LGSA 1973 - s.97(2AC)

⁹¹ LGSA 1973 - s.97B(1)

⁹² LGSA 1973 - s.97B(2)

⁹³ LGA 1992 - s.1(1)(a)

2. the trustees for any charity, foundation, mortification, or other purpose, where a local authority, or some members of such an authority are the sole trustees;
3. a Transport Partnership created under the Transport (Scotland) Act 2005 (asp 12); and
4. an integration joint board established by order under section 9 of the Public Bodies (Joint Working) (Scotland) Act 2014.

4. Duties and powers of auditors appointed by the Accounts Commission

Where an auditor (whether Audit Scotland or otherwise) is appointed by the Accounts Commission and requested to audit the accounts of a local authority, the auditor must satisfy himself of the following⁹⁴:

1. the accounts have been prepared in accordance with any regulations made by the Scottish Ministers and comply with the any other relevant enactments;
2. proper accounting practices have been observed in preparation of the accounts;
3. the local authority in question has made proper arrangements for securing “best value” and is complying with its duties under Part 2 of the Community Empowerment (Scotland) Act 2015 (community planning)⁹⁵;
4. where the authority is required to publish performance information (in accordance with section 1 of the LGA 1992⁹⁶) the authority has made the necessary appropriate arrangements for collecting, recording and publishing the information.

An auditor shall have a right of access at all reasonable times to all such documents relating to the accounts of a local authority which it appears are necessary for him to examine⁹⁷.

Furthermore, he may require from any other person holding or accountable for any such document, such information and explanation as he thinks necessary and, if he thinks it necessary for providing any such information or explanation, to require any such officer or other person to attend before him in person and produce any such documents.

Failure to comply, whether wilfully or negligently, with a requirement imposed by an auditor for the provision of documents, information or explanation is a criminal offence punishable by a fine⁹⁸.

5. The Controller of Audit

Section 97(4) of the LGSA 1973 requires that the Accounts Commission appoint a Controller of Audit, subject to the approval of the appointment by the Scottish Ministers⁹⁹.

The Controller of Audit may be, but is not required to be, the Auditor General for Scotland. Where an individual other than the Auditor General is appointed as Controller of Audit that person shall, by virtue of such appointment, be a member of staff of Audit Scotland.

⁹⁴ LGSA 1973 - s.99(1)(a) – (d)

⁹⁵ Formerly, the duties of the local authority were to comply with Sections 15 to 17 of the LGISA 2003 which required local authorities to facilitate a process called “community planning” relating to the provision of public services in the local area. This requirement has been amended by Schedule 4 Para 5(b) of the CESA 2015 and local authorities are now required to comply with their duties under Part of that Act. The duties still fall under the umbrella of “community planning” but are greatly developed.

⁹⁶ Section 1 of the LGA 1992 provides that the Accounts Commission shall give such directions to local authorities, as it thinks fit, for the publication of information concerning their standards of performance in any financial year.

⁹⁷ LGSA 1973 - s.100(1)

⁹⁸ LGSA 1973 - s.100(3)

⁹⁹ LGSA 1973 - s.97(4)

Reports to Commission by the Controller of Audit

The Controller of Audit may choose (or may be required by the Accounts Commission) to make a report to the Accounts Commission in respect of any of the following¹⁰⁰:

1. the accounts of any local authority audited in accordance with the LGSA 1973;
2. any matters arising from such accounts, or the audit of such accounts, which the Controller of Audit considers should be brought to the attention of the Accounts Commission or the public;
3. the performance by a local authority of its duties in relation to “best value” or “community planning”¹⁰¹.

Where the Controller of Audit makes such a report, a copy shall be sent to any local authority named in the report and any other person the Controller of Audit thinks appropriate. Upon receiving such a report, the local authority in question shall supply a copy of the report to each member of the authority and make additional copies available for public inspection¹⁰².

Action by the Accounts Commission on receipt of Report by the Controller of Audit

On receipt by the Accounts Commission of a Report by the Controller of Audit the Accounts Commission may do any, all or none of the following¹⁰³:

1. direct the Controller of Audit to carry out further investigations;
2. hold a hearing; and/or
3. state its findings.

Where the Accounts Commission chooses to state its findings without holding a hearing, the findings shall be treated for all purposes the same as findings following a hearing. Findings may include recommendations to the Scottish Ministers¹⁰⁴.

The Accounts Commission shall give a copy of its findings to any member or officer of a local authority who was named in the report which proceeded the hearing and/or to which the findings relate¹⁰⁵.

Special Reports by the Controller of Audit

Where the Controller of Audit is of the opinion that any of the following apply in relation to a given account and the local authority in question has not taken adequate steps to remedy the matter, he may make a special report to the Accounts Commission¹⁰⁶:

1. any item of account is contrary to law;
2. there has been a failure to bring into account any sum which ought to have been brought into account;
3. any loss has been incurred by negligence or misconduct;
4. any sum has been incorrectly debited or credited from an account.

However, prior to any such Special Report being made, a copy of the proposed report must be provided to the local authority in question and to any individual referred to in the report in connection with any negligence, misconduct or item of account which is contrary to law. The local authority and any persons so named must

¹⁰⁰ LGSA 1973 - s.102(1)

¹⁰¹ Now under Part 2 of the CESA 2015

¹⁰² LGSA 1973 - s.102(2) and (2A)

¹⁰³ LGISA 2003 – s.3

¹⁰⁴ LGISA 2003 – s.4(3)

¹⁰⁵ LGISA 2003 – s.4(4)

¹⁰⁶ LGSA 1973 - s.102(3)

also be provided with the opportunity to make representations to the Controller of Audit on the matters in question¹⁰⁷.

Where the Controller of Audit proceeds to make a Special Report to the Accounts Commission, a copy of the report must be sent to the local authority in question, any officer of the authority who may be concerned and to any other person who may, in the opinion of the Controller of Audit, be affected by the report¹⁰⁸.

The Accounts Commission may publish any Special Report made to it and may do so in whatever way, and send copies of the report to whomever, it thinks fit¹⁰⁹.

Action by the Accounts Commission on receipt of Special Reports

On receiving a special report from the Controller of Audit, the Accounts Commission may do any of the following¹¹⁰:

1. direct the Controller of Audit to carry out further investigations¹¹¹;
2. hold a hearing¹¹²;
3. state a case on any question of law arising on the special report for the opinion of the Court of Session;
4. do none of the above.

However, the Accounts Commission must also hold a hearing if requested to do so in writing by the local authority which was the subject of the report, or any named person referred to in the report in connection with any negligence, misconduct or item of account which is contrary to law¹¹³.

Where any act of negligence or misconduct or item of account is contrary to law, the Accounts Commission can be required to state a case (as outlined above) if directed to do so by the Court of Session¹¹⁴.

Action on finding of failure, negligence or misconduct

Where, following a hearing, the Accounts Commission finds that any of the following have occurred, it has the power to impose various sanctions or make certain recommendations as specified in subsections 2 and 3 of Section 103F of the LGSA 1973¹¹⁵:

1. any item of account is contrary to law;
2. there has been a failure to bring into account any sum which ought to have been brought into account;
3. any loss has been incurred by negligence or misconduct;
4. any sum has been incorrectly debited or credited from an account.

The sanctions which may be imposed are as follows¹¹⁶:

1. censuring, but otherwise taking no action against, an officer or member of the authority;

¹⁰⁷ LGSA 1973 - s.102(3A)

¹⁰⁸ LGSA 1973 - s.102(4)

¹⁰⁹ LGSA 1973 - s.103A

¹¹⁰ LGSA 1973 - s.103B(1)

¹¹¹ Further provisions relating to investigations are provided in LGSA 1973 s.103G

¹¹² The procedure for hearings is laid out in LGSA 1973 s.103C – 103F

¹¹³ LGSA 1973 - s.103B(2)

¹¹⁴ LGSA 1973 - s.103B(3)

¹¹⁵ LGSA 1973 - s.103F(1)

¹¹⁶ LGSA 1973 - s.103F(2)

2. suspending, for a period not exceeding one year, the entitlement of a member of a local authority to attend one or more but not all of the following:
 - a. all meetings of the local authority;
 - b. all meetings of one or more committees or sub-committees of the local authority;
 - c. all meetings of any other body on which the member is a representative or nominee of the local authority;
3. suspending, for a period not exceeding one year, the entitlement of a member of a local authority to attend meetings of the local authority and of any committee or sub-committee thereof and of any other body on which the member is a representative or nominee of the local authority;
4. disqualifying a member of a local authority for a period not exceeding five years, from being, or from being nominated for election as, or from being elected, such a member.

In the case of a local authority itself, the Accounts Commission may (i) make recommendations to the Scottish Ministers that they make an order directing the authority to make such rectification of their accounts as appears to the Accounts Commission necessary and (ii) include in its findings any recommendations arising from those findings which the Accounts Commission thinks fit¹¹⁷.

An officer or member of a local authority who receives a sanction as detailed above has the right to appeal to the sheriff principal of the sheriffdom in which the authority has its principal office¹¹⁸.

6. Other Statutory Provisions which apply to the Accounts Commission

Public Records (Scotland) Act 2011

This act applies to the Auditor General, the Accounts Commission and Audit Scotland. As listed bodies under the act, each body must¹¹⁹:

1. prepare a records management plan setting out proper arrangements for the management of its public records;
2. submit the plan to the Keeper of the Records of Scotland¹²⁰; and
3. ensure that its public records are managed in accordance with the plan as agreed with the Keeper.

Equality Act 2010

The Accounts Commission and Audit Scotland are both defined as a “Relevant Scottish Authority” for the purposes of the EA 2010¹²¹. As such, they are bound by the requirements of section 149 of the EA 2010. In particular they must have due regard to various factors including the need to¹²²:

1. eliminate discrimination, harassment, victimisation and any other conduct prohibited under the EA 2010;
2. advance equality of opportunity between persons who share certain protected characteristics and those who do not; and
3. foster good relations between persons who share certain protected characteristics and persons who do not.

¹¹⁷ LGSA 1973 - s.103F(3)

¹¹⁸ Further details of the appeal procedure are provided in LGSA 1973 s.103J

¹¹⁹ Public Records (Scotland) Act 2011 - s.1

¹²⁰ One of the statutory titles of the Chief Executive of the National Records of Scotland.

¹²¹ EA 2010 - Sch.19(3) para. 1

¹²² EA 2010 - s.149(1)

For the purposes of the EA 2010, the protected characteristics are¹²³:

1. age;
2. disability;
3. gender reassignment;
4. pregnancy and maternity;
5. race;
6. religion or belief;
7. sex; and
8. sexual orientation.

Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012

These regulations provide further obligations on the Accounts Commission and Audit Scotland as listed authorities under the EA 2010. In particular, the following duties are imposed on the Accounts Commission, Audit Scotland and other listed authorities:

1. To publish a report on the progress it has made to make the equality duty integral to the exercise of its functions so as to better perform that duty. The first report was due by 30th April 2013 and at two-yearly intervals thereafter¹²⁴.
2. To publish a set of equality outcomes which it considers will enable it to better perform the equality duty. The first set of equality outcomes was due by 30th April 2013 and at four-yearly intervals thereafter¹²⁵.
3. Where it proposes any new or revised policies or practices, to assess these against the needs mentioned in section 149(1) of the EA 2010 (detailed above)¹²⁶.
4. To take steps to gather information on the number and relevant protected characteristics of its employees and the recruitment, development and retention of such persons as employees of the authority. The authority must use this information to better perform the equality duty and the information must be published in the report to be produced in accordance with regulation 3 (see above)¹²⁷.
5. To publish information on the percentage difference among its employees between men's average hourly pay (excluding overtime) and women's average hourly pay (excluding overtime). This information was due initially by 30th April 2013 and at two-yearly intervals thereafter¹²⁸.
6. Where the authority has more than 150 employees, to publish a statement specifying its policy on equal pay among its employees and occupational segregation in particular grades of employment and particular occupations within the organisation. An initial statement was due by 30th April 2013 and at four-yearly intervals thereafter¹²⁹.
7. To publish the reports and statements specified above in a manner which is accessible to the public¹³⁰.

Housing (Scotland) Act 2010

Under the HSA 2010, the Scottish Housing Regulator (the "Regulator") is required prepare a statement setting out how it intends to perform its functions and to review the statement from time to time. In fulfilment of this

¹²³ EA 2010 - s.149(7)

¹²⁴ EASDSR 2012 - reg. 3

¹²⁵ EASDSR 2012 - reg. 4

¹²⁶ EASDSR 2012 - reg. 5

¹²⁷ EASDSR 2012 - reg. 6

¹²⁸ EASDSR 2012 - reg. 7

¹²⁹ EASDSR 2012 - reg. 8

¹³⁰ EASDSR 2012 - reg. 10

obligation the Regulator is required to consult with various bodies, one of which is the Accounts Commission¹³¹.

In addition, the Regulator must from time to time consult with the Accounts Commission in relation to the performance of the Regulator's functions in relation to local authority landlords, performance targets for housing services and other matters¹³².

Under section 31 of the HSA 2010, Scottish Ministers are required to set out standards and outcomes which social landlords should aim to achieve when performing housing activities. The document setting out these matters is referred to as the "Scottish Social Housing Charter". In preparing (and from time to time updating) the Scottish Social Housing Charter, Scottish Ministers are required to consult with a number of bodies, one of which is the Accounts Commission¹³³.

Public Services Reform (Scotland) Act 2010

The Accounts Commission and Audit Scotland are both "listed public authorities" for the purposes of Part 3, sections 31 to 34, of the PSRSA 2010.

Section 31 requires that a listed public authority must publish a statement of expenditure as soon as reasonably practicable after the end of each financial year. The statement must cover any expenditure relating to public relations, overseas travel, hospitality and entertainment and external consultancy¹³⁴.

Each listed public authority must also publish a statement specifying the amount, date, payee and subject matter of any payment in excess of £25,000 for the financial year in question¹³⁵.

Finally, each listed public authority must publish a statement specifying the number of individuals (if any) who, during the financial year in question, received remuneration in excess of £150,000 in relation to their service as a member of the public body or as a member of its staff¹³⁶.

Section 32 provides that each listed public body must publish a statement of the steps that it has taken during the financial year in question to promote and increase sustainable growth through the exercise of its functions and to improve efficiency, effectiveness and economy in the exercise of its functions¹³⁷.

The Scottish Ministers may from time to time issue guidance on the duties to publish statements imposed by sections 31 and 32 of the PSRSA 2010. Each listed public authority is required to have regard for this guidance when publishing the required statements.

Part 8, section 114 of the PSRSA 2010 provides that the Accounts Commission must cooperate with the other bodies listed in Schedule 20¹³⁸ to the PSRSA ("scheduled scrutiny authorities") and, where appropriate, the Scottish Ministers for the purpose of improving the scrutiny functions of each of the respective bodies in relation to:

1. local authorities;
2. social services;
3. health services; and
4. policing,

all having regard to efficiency, effectiveness and economy.

The duty to cooperate will not apply in so far as compliance with it would prevent or delay action by a scheduled scrutiny authority in the exercise of its scrutiny functions which that authority considers to be necessary as a matter of urgency.

¹³¹ HSA 2010 - s.4(4)

¹³² HSA 2010 - s.6, s.34 etc.

¹³³ HSA 2010 - s.33

¹³⁴ PSRSA 2010 - s.31(2)

¹³⁵ PSRSA 2010 - s.31(3)

¹³⁶ PSRSA 2010 - s.31(4)

¹³⁷ PSRSA 2010 - s.32(1)

¹³⁸ These include, *inter alia*, Food Standards Scotland, Healthcare Improvement Scotland, HM's Chief Inspector of Prisons for Scotland, Scottish Housing Regulator etc.

In complying with its duty to cooperate, the Accounts Commission must comply with any directions given by the Scottish Ministers, and have regard to any guidance provided by the Scottish Ministers.

Climate Change (Scotland) Act 2009

Section 44 of the CCSA 2009 provides that all public bodies must, in the exercise of their functions, act as follows¹³⁹:

1. in the way best calculated to contribute to the delivery of the targets set in or under Part 1 of the CCSA 2009¹⁴⁰;
2. in the way best calculated to help deliver any programme laid before the Scottish Parliament under section 53 of the CCSA 2009; and
3. in a way that it considers is most sustainable.

Section 53 of the CCSA 2009 provides that where the Secretary of State¹⁴¹ lays a report before the UK Parliament reporting on the impact of climate change, the Scottish Ministers must subsequently lay a programme before the Scottish Parliament. The programme must set out various proposals and objectives for adapting to climate change and address the risks identified in the report.

The Scottish Ministers must also give guidance to relevant public bodies in relation to their climate change duties and those bodies must have regard to such guidance¹⁴².

For the purposes of the CCSA 2009, the term public body means any Scottish Public Authority as defined in Section 3(1)(a) of FOISA 2002. Thus, the Auditor General, the Accounts Commission and Audit Scotland must all act in accordance with the act.

Company, Limited Liability Partnership and Business Names (Public Authorities) Regulations 2009

These regulations provide that the Accounts Commission, the Auditor General and Audit Scotland are all relevant public authorities for the purposes of section 54 and section 1193 of the Companies Act 2006¹⁴³. Accordingly, the approval of the Scottish Ministers is required for the registration of a company or LLP with a name which gives the impression that the company or LLP is associated with the Accounts Commission, the Auditor General or Audit Scotland¹⁴⁴. Prior to granting approval the Scottish Ministers must also seek the opinion of the Accounts Commission, the Auditor General or Audit Scotland (respectively) as to whether or not such approval should be granted¹⁴⁵.

In addition a person must not carry on any business in the United Kingdom under a name which gives the impression that the business is associated with the Accounts Commission, the Auditor General or Audit Scotland, without the approval of the Scottish Ministers¹⁴⁶.

Charities Accounts (Scotland) Regulations 2006

Regulation 10(1) of the CASR 2006 requires charities to have their accounts formally audited in certain circumstances¹⁴⁷. In such circumstances the accounts must be audited by an auditor eligible for appointment as a statutory auditor under the CA 2006 or by an auditor appointed by the Accounts Commission or the Auditor General.

¹³⁹ CCSA 2009 - s.44

¹⁴⁰ Part 1 of the CCSA 2009 deals with the setting of Emission Reduction Targets.

¹⁴¹ In this context Secretary of State means the UK Secretary of State for Energy and Climate Change.

¹⁴² CCSA 2009 - s.45

¹⁴³ Company, Limited Liability Partnership and Business Names (Public Authorities) Regulations 2009/2982 reg. 3

¹⁴⁴ CA 2006 - s.54

¹⁴⁵ Company, Limited Liability Partnership and Business Names (Public Authorities) Regulations 2009/2982 reg. 4

¹⁴⁶ CA 2006 - s.1193

¹⁴⁷ For instance where the charity has gross income over £500,000.

Gaelic Language (Scotland) Act 2005

The GLSA 2005 established a body, known as Bòrd na Gàidhlig (the Bòrd), to promote the use and understanding of the Gaelic language in Scotland¹⁴⁸.

In addition to developing a nationwide Gaelic language plan, the Bòrd also has the power to require Scottish public authorities to prepare and implement Gaelic language plans¹⁴⁹. These plans set out how the public authority will use the language in connection with the exercise of its functions.

“Scottish public authority” is defined as any public body or office-holder with functions which can be exercised only in, or as regards, Scotland and would therefore include each of the Auditor General, the Accounts Commission and Audit Scotland. To date, no such request has been made by the Bòrd to any of the three bodies, however such a request could be made in the future.

In the event that the Bòrd was to request that the Auditor General, the Accounts Commission or Audit Scotland prepare a Gaelic language plan, it would need to do so by written notice giving the body in question no less than 6 months within which to prepare the plan¹⁵⁰.

In deciding whether or not to require a public authority to prepare a Gaelic language plan, the Bòrd must have regard to:

1. the most recent national Gaelic language plan (if any);
2. the extent to which the Gaelic language is used by persons in relation to whom the functions of the authority are exercisable, and whether, in the Bòrd's opinion, there is potential for the authority to develop the use of the Gaelic language in connection with the exercise of those functions;
3. any representations made to it in relation to the use of the Gaelic language in connection with the exercise of those functions, and
4. any guidance given by the Scottish Ministers.

Freedom of Information (Scotland) Act 2002

Schedule 1 of FOISA 2002 lists the Accounts Commission, the Auditor General and Audit Scotland as Scottish Public Authorities to which the act applies¹⁵¹.

FOISA 2002 provides that where a person requests information from a Scottish public authority (for instance Audit Scotland) that person is entitled to be given the information by the authority¹⁵².

The Accounts Commission, the Auditor General and Audit Scotland are therefore required to provide information requested by a person unless it falls into one of the exempt categories listed in part 2 of FOISA 2002. Information must usually be provided by not later than the twentieth working day after the request is received.

In addition, all Scottish Public Authorities defined in FOISA 2002 are subject to the Environmental Information (Scotland) Regulations 2004 which came into force on 1 January 2005. These regulations implemented Directive 2003/4/EC of the European Parliament on public access to environmental information.

Under the regulations each Scottish Public Authority must take reasonable steps to organise and keep up to date the environmental information, relevant to its functions, which it holds. The authority must maintain this

¹⁴⁸ GLSA 2005 - s.1

¹⁴⁹ GLSA 2005 - s.3

¹⁵⁰ GLSA 2005 - s.3(2)(a)

¹⁵¹ FOISA 2002 - Sch.1(7) para. 57

¹⁵² FOISA 2002 - s.1(1)

information with a view to the active and systematic dissemination of the information to the public and shall make that information progressively available to the public by electronic means¹⁵³.

Furthermore a Scottish Public Authority that holds environmental information shall make it available when requested to do so by any applicant¹⁵⁴. Such requests and the subsequent responses by a Public Authority are made on broadly the same terms as requests under FOISA 2002. For the purposes of the regulations, "Environmental Information" is broadly defined and can include, for example, policies, plans and programmes relating to the environment; reports on the state of the environment; and data or summaries of data derived from the monitoring of activities that affect or are likely to affect the environment.

Scottish Public Services Ombudsman Act 2002

The Accounts Commission, the Auditor General and Audit Scotland are each a "listed authority" for the purposes of the SPSOA 2002. As such, they are liable to investigation by the Scottish Public Services Ombudsman ("SPSO")¹⁵⁵.

The Ombudsman is entitled to investigate any failure in a service provided by an authority or any failure of an authority to provide a service which it was a function of the authority to provide. Such investigations may take place either where a complaint has been made to the Ombudsman or the authority in question has requested the investigation.

Where an investigation uncovers maladministration or service failure, the SPSO will produce a report making recommendations for how the authority in question can address the identified issues. The report must be sent to the authority in question, the Scottish Ministers and, where the investigation was made as a result of a complaint, to the individual or party who made the complaint¹⁵⁶.

In the event that an authority does not implement the recommendations made in the SPSO's report following a complaint, the SPSO may prepare a further "Special Report" to be laid before Parliament. Following this, Parliament may take such further action as it deems appropriate.

In addition to the investigatory procedures outlined above, section 119 of the PSRSA 2010 amended the SPSOA 2002 with the addition of new sections 16A to 16F which deal with complaints handling procedures ("CHPs").

In particular, section 16A requires each listed authority to have in place a "complaints handling procedure" in respect of actions taken by the authority¹⁵⁷. The SPSO itself is required to publish a "statement of principles"¹⁵⁸ concerning how CHPs should operate and it is the responsibility of each listed authority to ensure its particular procedure complies with the statement of principles.

The SPSO may also produce model CHPs and specify that such model CHPs apply to particular listed authorities¹⁵⁹. Where the SPSO provides that a model CHP applies to a particular authority it must notify the authority that the model CHP applies, following which the authority in question must ensure its CHP matches the requirement of the model CHP.

Ethical Standards in Public Life etc. (Scotland) Act 2000

Schedule 3 of the ESPLSA 2000 lists the Accounts Commission as one of the devolved public bodies to which the act applies. As such the Accounts Commission is required to have in place a "Members' Code"¹⁶⁰ in line with the model code prepared by Scottish Ministers¹⁶¹.

Separately, section 8 of the ESPLSA 2000 provides for the establishment of the Standards Commission for Scotland. The section also specifies that where any function of the Standards Commission affects matters

¹⁵³ EISR 2004 - reg. 4

¹⁵⁴ EISR 2004 - reg. 5

¹⁵⁵ SPSOA 2002 - Sch.2(2) para. 18, 19 and 20

¹⁵⁶ SPSOA 2002 - s.15

¹⁵⁷ SPSOA 2002 - s.16A(2)

¹⁵⁸ SPSOA 2002 - s.16A(1)

¹⁵⁹ SPSOA 2002 - s.16B(1)

¹⁶⁰ ESPLSA 2000 - s.3

¹⁶¹ ESPLSA 2000 - s.2

within the functions of the Accounts Commission, the Standards Commission must consult with the Accounts Commission in relation to the exercise of those functions¹⁶².

The ESPLSA 2000 also makes various amendments to the LGSA 1973. In particular, a new section 103H is inserted into the LGSA 1973 providing protection for certain organisations from actions for defamation¹⁶³.

This section provides *inter alia* that any statement made by (i) the Accounts Commission, (ii) any of its agents or staff of Audit Scotland under section 10(3) of the 2000 Act (requirement to provide assistance and support to the Auditor General and the Accounts Commission); or (iii) the Controller of Audit, shall be absolutely privileged. This principle provides an absolute defence in the event that an action for defamation is brought in relation to any such statement.

Public Interest Disclosure Act 1998

The PIDA 1998 amended the ERA 1996 by the addition of Part IVA dealing with “Protected Disclosures”. A protected disclosure is defined as any disclosure of information made by a worker to one of a range of bodies and organisations (“prescribed persons”)¹⁶⁴. The information must, in the reasonable belief of the worker, be made in the public interest and show one of the following:

1. that a criminal offence has been committed, is being committed or is likely to be committed;
2. that a person has failed, is failing or is likely to fail to comply with any legal obligation to which he is subject;
3. that a miscarriage of justice has occurred, is occurring or is likely to occur;
4. that the health or safety of any individual has been, is being or is likely to be endangered;
5. that the environment has been, is being or is likely to be damaged; or
6. that information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed.

The Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2003 (which amended the Public Interest Disclosure (Prescribed Persons) Order 1999) provides that, for the purposes of the PIDA 1998 and the ERA 1996, the Accounts Commission, the Auditor General and Audit Scotland are prescribed persons. A worker may therefore make a protected disclosure to the Accounts Commission, the Auditor General or Audit Scotland in relation to the proper conduct of public business, value for money, fraud and corruption in public bodies¹⁶⁵.

With effect from 1 October 2014, the Public Interest Disclosure (Prescribed Persons) Order 1999 was revoked and replaced by the Public Interest Disclosure (Prescribed Persons) Order 2014 (the “2014 Order”). The 2014 Order still provided that the Accounts Commission, the Auditor General and Audit Scotland were to be “prescribed persons”. However, the Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2017 deleted reference to Audit Scotland in the 2014 Order. As a result, Audit Scotland itself is no longer listed as a “prescribed person” for the purposes of the PIDA 1998 and the ERA 1996¹⁶⁶. That said, the 2014 Order provides that auditors appointed by the Accounts Commission to audit the accounts of local government bodies and persons appointed by the Auditor General or on his/her behalf under the PFASA 2000 to act as auditors or examiners for the purposes of sections 21 to 24 of the PFASA 2000 shall still be considered prescribed persons. On that basis, and in that capacity, Audit Scotland should technically be considered a prescribed person and would still be empowered to investigate whistleblowing claims.

Section 148 of the Small Business, Enterprise and Employment Act 2015 (“SBEEA 2015”) amends the ERA 1996 by the insertion of a new Section 43FA. That section provides that the Secretary of State may make

¹⁶² ESPLSA 2000 - s.8(8)

¹⁶³ ESPLSA 2000 - s.33

¹⁶⁴ PIDA1998 - s.1

¹⁶⁵ Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2003/1993 Sch. 1 para. 1

¹⁶⁶ The Board of Audit Scotland has been advised that the amendment made by the Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2017 was in error and that this change will be rectified in due course. At the time of writing, however, the provision stands.

regulations requiring a person prescribed for the purposes of section 43F (i.e. Audit Scotland, the Accounts Commission or the Auditor General) to produce an annual report on disclosures of information made to the person by workers.

The regulations must set out the matters that are to be covered in a report, but must not require a report to provide detail that would enable the identification of a worker who has made a disclosure or the identification of an employer or other person in respect of whom a disclosure has been made.

In accordance with the aforementioned power, the Secretary of State has published The Prescribed Persons (Reports on Disclosures of Information) Regulations 2017. These regulations come into force on 1 April 2017. From the commencement of the Regulations, Audit Scotland, the Auditor General and the Accounts Commission, as “prescribed persons” will be required to publish annual reports, detailing the protected disclosures which it has received in each 12 month period running from 1 April each year¹⁶⁷.

The report must contain, without including any information in the report that would identify a worker who has made a disclosure of information, or an employer or other person in respect of whom a disclosure of information has been made:

1. the number of workers’ disclosures received during the reporting period that the relevant prescribed person reasonably believes are qualifying disclosures within the meaning of section 43B of the ERA 1996; and which fall within the matters in respect of which that person is so prescribed;
2. the number of those disclosures in relation to which the relevant prescribed person decided during the reporting period to take further action;
3. a summary of the action that the relevant prescribed person has taken during the reporting period in respect of the workers’ disclosures; and how workers’ disclosures have impacted on the relevant prescribed person’s ability to perform its functions and meet its objectives during the reporting period; and
4. an explanation of the functions and objectives of the relevant prescribed person.

Human Rights Act 1998

Each of the Auditor General, the Accounts Commission and Audit Scotland are subject to the terms of the Human Rights Act 1998. As such it is unlawful for any of the three bodies to act in a way which is incompatible with the European Convention on Human Rights unless they are obliged to do so by UK statute.

7. Accounts which must be sent to the Accounts Commission for auditing

As indicated in the introduction to this section, the Accounts Commission is responsible for the audit of a large number of local and public authorities. Individual responsibility for the audit of each local authority will be assigned either to Audit Scotland or a private firm of auditors by the Accounts Commission.

The precise list of local and public authorities and their assigned auditors is dynamic and for that reason a formal list is not included here. An up to date list can be found on the Audit Scotland website here: <http://www.audit-scotland.gov.uk/about-us/audit-scotland/audit-appointments>.

¹⁶⁷ PPRDIR 2017 – s.3(1)

Audit Scotland

1. Audit Scotland – Introduction

Audit Scotland was established by Section 10(1) of the 2000 Act which states: “*There is to be a body corporate to be known as Audit Scotland, with the functions conferred on it by virtue of this Act and any other enactment.*”

The Board of Audit Scotland must consist of the Auditor General and the Chairman of the Accounts Commission¹⁶⁸. The Board will also have 3 other members appointed by the SCPA¹⁶⁹.

The SCPA was established under section 12 of the 2000 act. It is made up of five MSPs, one of whom is the convener, for the time being, of the Public Audit Committee of the Scottish Parliament¹⁷⁰.

The 2000 Act requires Audit Scotland to provide “such assistance and support as the Auditor General and the Accounts Commission may require in the exercise of their respective functions”. In particular, Audit Scotland must provide to them, or ensure that they are provided with, the necessary property, staff and services which are required for those functions¹⁷¹. In support of this requirement, the Auditor General and the Accounts Commission are able to give directions to Audit Scotland in connection with the exercise of its functions in relation to the respective duties of the Auditor General and the Accounts Commission¹⁷².

In addition to the services it must provide to the Auditor General and the Accounts Commission, Audit Scotland is also permitted by the 2000 Act to make arrangements with any other public body or office-holder for the provision of audit services by Audit Scotland to that public body or office-holder¹⁷³.

2. Management of Audit Scotland

Schedule 2 of the 2000 Act provides numerous other provisions relating to the powers and management of Audit Scotland.

Membership of Audit Scotland

The following restrictions are provided relating to membership of the Board of Audit Scotland:

1. Although separately they are entitled to remuneration for their respective positions, the Auditor General and the Chairman of the Accounts Commission are not entitled to any remuneration in respect of their membership of the Board of Audit Scotland¹⁷⁴.
2. A person who is a member of staff of Audit Scotland or a member of the Accounts Commission is not entitled¹⁷⁵ to be appointed to the Board of Audit Scotland¹⁷⁶.
3. The appointment of a board member under section 10(2)(c) of the 2000 Act (i.e. an appointee other than the Auditor General or the Chairman of the Accounts Commission) may be for a period not exceeding 3 years¹⁷⁷ and that person may be reappointed for one further period¹⁷⁸.

¹⁶⁸ 2000 Act - s.10(2)

¹⁶⁹ 2000 Act - s.10(2)(c)

¹⁷⁰ 2000 Act - s12

¹⁷¹ 2000 Act - s.10(3)

¹⁷² 2000 Act - s.10(4)

¹⁷³ 2000 Act - s.10(5)

¹⁷⁴ 2000 Act - Sch. 2 para. 1

¹⁷⁵ Originally such individuals were entitled to be appointed but with the caveat that they were not entitled to receive any remuneration for their appointment. However, the PSRSA 2010 s.118(8)(a)(i) and (ii) modified the 2000 Act to provide simply that such individuals could not be appointed.

¹⁷⁶ 2000 Act - Sch. 2 para. 2

¹⁷⁷ 2000 Act - Sch. 2 para. 2A (This provision was added by the PSRSA 2010 - s.118(8)(b))

¹⁷⁸ 2000 Act - Sch. 2 para. 2B (Again this provision was added by the PSRSA 2010 - s.118(8)(b))

4. A member appointed under section 10(2)(c) shall be appointed on such terms and conditions as the SCPA¹⁷⁹ may determine. Such a member must hold, and subsequently vacate, their office in accordance with the terms of the appointment and shall be entitled to resign as a member by notice in writing given to the SCPA¹⁸⁰. Equally, the SCPA may remove such a member if they consider that the member is for any reason unable or unfit to exercise the functions of a member¹⁸¹.

Appointment of Staff, Remuneration and Pensions¹⁸²

The following provisions are made regarding staff and pension arrangements:

1. Audit Scotland may appoint staff and has discretion to determine the terms and conditions of any such appointment. This includes arrangements for the payment of pensions, gratuities or allowances to, or in respect of, any person who has ceased to be a member of staff.
2. In particular, Audit Scotland may make contributions towards provision for such pensions, gratuities or allowances and it may establish and administer one or more pension schemes.

General Powers of Audit Scotland¹⁸³

Schedule 2 paragraph 6 of the 2000 Act provides for the following general powers of Audit Scotland:

1. Audit Scotland may do anything which appears to it to be necessary or expedient for the purpose of, or in connection with, the discharge of its functions.
2. This includes:
 - a. holding property;
 - b. entering into contracts;
 - c. charging for goods and services; and
 - d. borrowing sums in sterling by way of overdraft or otherwise for the purpose of meeting a temporary excess of expenditure.

Other Provisions¹⁸⁴

Schedule 2 paragraph 7 of the 2000 Act provides that:

1. The validity of any act of Audit Scotland is not affected by any vacancy among its members, or any defect in the appointment, or qualification for membership of any member.
2. Audit Scotland has the power to determine its own internal procedures (i.e. in relation to meetings).
3. The SCPA¹⁸⁵ must appoint one of the members of the board of Audit Scotland to preside at the meetings of Audit Scotland. The individual appointed by the SCPA must not be the Auditor General or the Chairman of the Accounts Commission but should be one of the three other board members appointed in accordance with section 10(2)(c) of the 2000 Act.
4. Audit Scotland itself, must then appoint one of the remaining members of the board of Audit Scotland to preside at a meeting in the event that the member appointed by the SCPA is not present. Again, the member so appointed must not be the Auditor General or the Chairman of the Accounts

¹⁷⁹ Originally the terms of such appointments were determined by the Auditor General and the Chairman of the Accounts Commission. Notice of resignation was also required to be given to the Auditor General and the Chairman. However, following the enactment of the PSRSA 2010 - s.118(8)(c)(i) and (ii) these aspects are handled by the SCPA.

¹⁸⁰ 2000 Act - Sch.2 para. 3

¹⁸¹ 2000 Act - Sch. 2 para. 4

¹⁸² 2000 Act - Sch. 2 para. 5

¹⁸³ 2000 Act - Sch. 2 para. 6

¹⁸⁴ 2000 Act - Sch. 2 para. 7

¹⁸⁵ Previously the appointment of a member to preside at meetings of Audit Scotland was solely at the discretion of Audit Scotland itself. However following the enactment of the PSRSA 2010 - s.118(8)(e)(i) and (ii) this discretion now lies with the SCPA.

Commission but should be one of the three board members appointed in accordance with section 10(2)(c).

Paragraphs 8 and 9 of Schedule 2 of the 2000 Act, concern the transfer of employees, property, rights and liabilities from the Accounts Commission to Audit Scotland following the creation of Audit Scotland in 2000. Given the nature of these provisions in relation to this paper and the time elapsed since their implementation, no further consideration will be given to these sections.

3. Audit Scotland – Financial Provisions

Section 11 of the 2000 Act provides rules on the financing of Audit Scotland.

Charging for Services¹⁸⁶

Audit Scotland may impose reasonable charges in respect of the exercise of its functions in connection with the following:

1. where Audit Scotland makes arrangements for the provision of services, in connection with the conduct of audits, to any public body or office-holder in accordance with section 10(5) of the 2000 Act;
2. where the account of a public body or office-holder is required to be audited by the Auditor General and the Auditor General appoints Audit Scotland to undertake or assist with the audit¹⁸⁷;
3. where the Auditor General initiates an examination into the economy, efficiency and effectiveness of a body or office-holder and Audit Scotland undertakes or assists with the examination¹⁸⁸;
4. where Audit Scotland carries out a data matching exercise in accordance with the requirements of the CJLSA 2010¹⁸⁹;
5. where the Accounts Commission appoints Audit Scotland to undertake or assist with the audit of the accounts of a local authority in accordance with the LGSA 1973¹⁹⁰;
6. where the Accounts Commission appoints Audit Scotland to undertake or assist with the undertaking of studies for improving economy in services in accordance with section 97A of the LGSA 1973 or studies of benefit administration at the request of the Scottish Ministers in accordance with section 105A of the LGSA 1973¹⁹¹; and/or
7. where the Accounts Commission gives directions under section 1 of the LGA 1992 to a body to publish information relating to its financial activities¹⁹².

There are certain exceptions to the above and these are as follows:

1. Audit Scotland may not charge in respect of its auditing of an account where the account in question is that of any of the following:
 - a. the Scottish Ministers;
 - b. the Lord Advocate;
 - c. any person to whom sums are paid out of the Fund¹⁹³;
 - d. the account to be prepared by Scottish Ministers for each financial year in respect of payments into and out of the Fund;

¹⁸⁶ 2000 Act - s.11(1)

¹⁸⁷ 2000 Act - s.21 and s.22

¹⁸⁸ 2000 Act - s.23

¹⁸⁹ The CJLSA 2010 - s.97(3) modified the 2000 Act by the addition of s.26A which provides for Audit Scotland to carry out data matching exercises to assist in the prevention and detection of fraud and other crimes.

¹⁹⁰ The LGSA 1973 Pt. 7 (in particular s.96) provides for the audit of local authorities by the Accounts Commission.

¹⁹¹ As amended by the Social Security Administration (Fraud) Act 1997

¹⁹² LGA 1992 - s.1 provides that the Accounts Commission may give such directions, as it thinks fit, to relevant public bodies to publish information relating to their activities in a certain period for the purposes of comparing standards of performance between different bodies.

¹⁹³ Note: any person to whom sums are paid out of the Fund in a financial year must prepare accounts of their expenditure and receipts for that year (2000 Act s.19(1)).

- e. accounts prepared by holders of offices in the Scottish Administration which are not ministerial offices¹⁹⁴; and
2. where the Auditor General initiates an examination into the economy, efficiency and effectiveness of a body or office-holder and Audit Scotland undertakes or assists with the examination, Audit Scotland may not charge in respect of its services where the examination is in respect of an office-holder in the Scottish Administration or a body or other office-holder to whom sums are paid out of the Fund.

The charges imposed by Audit Scotland may be determined by reference to particular cases or classes of case¹⁹⁵ and, in determining the amounts of those charges, Audit Scotland must seek to ensure that the total sum received is, taking one year with the other, broadly equivalent to its expenditure in connection with the matter¹⁹⁶.

Payment of Charges¹⁹⁷

Charges are payable by the body or office-holder whose account is being audited or, as the case may be, in respect of whom the examination is carried out, the study undertaken or promoted or the direction given.

Where a charge relates to an examination, study or direction in respect of more than one body or office-holder each party is to pay such proportion of charges as is determined by Audit Scotland.

Charges in Relation to Data Matching Exercises¹⁹⁸

Charges in relation to data matching exercises may be imposed on either or both of (a) the persons who disclose the data for the data matching exercise or (b) the persons who receive the results of such an exercise.

Application of Sums Received¹⁹⁹

Sums received by Audit Scotland in respect of charges rendered are to be retained by Audit Scotland and applied to meet expenditure in relation to the service for which the charge was rendered. Any other sums received by Audit Scotland should be paid into the Fund, subject to any statutory provisions which allow for such sums to be applied for any other purpose instead of being paid into the Fund.

Any other expenditure of Audit Scotland which is not covered by sums received from charges rendered is payable out of the Fund.

Preparation of Annual Financial Proposals²⁰⁰

In each financial year, Audit Scotland must prepare proposals for its use of resources and expenditures and send these proposals to the SCPA, which will examine the proposals and report on them to Parliament.

4. Access to Documents and Information

Section 24 of the 2000 Act provides for access by Audit Scotland, or another auditor, to information relating to public bodies or office-holders.

¹⁹⁴ Note: holders of offices in the Scottish Administration which are not ministerial offices (within the meaning of section 126(8) of the SA 1998) must, if required to do so by the Scottish Ministers, prepare accounts of their expenditure and receipts for each financial year.

¹⁹⁵ 2000 Act - s.11(2)

¹⁹⁶ 2000 Act - s.11(3)

¹⁹⁷ 2000 Act - s.11(4) and (5)

¹⁹⁸ 2000 Act - s.11(5A)

¹⁹⁹ 2000 Act - s.11(6) and (7)

²⁰⁰ 2000 Act - s.11(8)

Access to Documents and Information in relation to Audit of Accounts

For the purposes of the audit of an account of a public body or office-holder, Audit Scotland, or such other auditor as may be appointed, is entitled to the following²⁰¹:

1. To have access at all reasonable times to any document²⁰² which the auditor may reasonably require which is in the possession or under the control of the body or office-holder who prepared the account.
2. To require from any person holding, or accountable for, any such document any assistance, information or explanation which the auditor reasonably thinks necessary.
3. To require the body or office-holder who prepared the account to provide, at times specified by the auditor, accounts of such of the transactions of the body or office-holder as the auditor may specify.

The auditor is also entitled to have access to any document in the possession, or under the control, of a "relevant person"²⁰³ which the auditor reasonably thinks is necessary for the purposes of the audit. In addition, the auditor may require from such relevant person any assistance, information or explanation which the auditor reasonably thinks is necessary.

Access to Documents and Information in relation to Examinations

For the purposes of an examination into the economy, efficiency and effectiveness of a public body or office-holder the examiner, whether it be Audit Scotland, or such other examiner as may be appointed, is entitled to the following:

1. To have access at all reasonable times to any document which the examiner may reasonably require which is in the possession or under the control of the body or office-holder in question.
2. To require from any person holding, or accountable for, any such document any assistance, information or explanation which the examiner reasonably thinks necessary.
3. To require the body or office-holder to provide, at times specified by the examiner, accounts of such of the transactions of the body or office-holder as the examiner may specify.

The examiner is also entitled to have access to any document in the possession, or under the control, of a relevant person which the examiner reasonably thinks is necessary for the purposes of the examination. In addition, the examiner may require from such relevant person any assistance, information or explanation which the examiner reasonably thinks is necessary.

5. Data Matching Exercises

Section 73 of and Schedule 7 to the Serious Crime Act 2007 ("SCA 2007") provided the national audit agencies in England, Wales and Northern Ireland with the power to match data, and provides statutory provision for an existing data-matching scheme known as the National Fraud Initiative. The National Fraud Initiative is a UK-wide data matching scheme conducted by way of "data matching exercises" for the purpose of assisting in the prevention and detection of fraud.

A data matching exercise involves the comparison of sets of data, for example, the taking of two local authority payroll databases and matching them. Matching exercises may identify fraudulent activity as having taken place and can also reduce the potential burden on local authorities and other data providers by reducing the need for further data collection.

²⁰¹ 2000 Act - s.24(1)

²⁰² For the purposes of s.24 of the 2000 Act the term "document" means anything in which information is recorded in any form.

²⁰³ A "relevant person" means a person or a class that has been specified by the Scottish Ministers in an order made by statutory instrument. In relation to audits and examinations this is currently set out in the Public Finance and Accountability (Scotland) Act 2000 (Access to Documents and Information) (Relevant Persons) Order 2003/530

Section 97 of the CJLSA 2010 amends the 2000 Act to provide equivalent provisions enabling the National Fraud Initiative to be carried out in Scotland on a statutory basis.

The main amendment consists of the insertion by section 97(3) of the CJLSA 2010 of new sections into the 2000 Act which provide as follows:

Power to carry out Data Matching Exercises

1. Audit Scotland has power to carry out data matching exercises or to arrange for another organisation to do this on its behalf²⁰⁴.
2. A data matching exercise can be undertaken for the following purposes²⁰⁵:
 - a. assisting in the prevention and detection of fraud;
 - b. assisting in the prevention and detection of crime other than fraud; or
 - c. assisting in the apprehension and prosecution of offenders.
3. Data matching may not be used to identify patterns and trends in an individual's characteristics or behaviour which suggest nothing more than his potential to commit fraud in future²⁰⁶. This is designed to prevent Audit Scotland from creating individual "profiles" of future fraudsters.

Voluntary Disclosure of Data to Audit Scotland

Any person may disclose data to Audit Scotland for the purposes of a data matching exercise²⁰⁷. This could include private sector bodies such as mortgage providers who wish to be part of the exercise. There is no compulsion on any of these bodies to take part in a data matching exercise.

The disclosure of such information will not be a breach of any of the following²⁰⁸:

1. any duty of confidentiality owed by a person making the disclosure; or
2. any other restriction on the disclosure of information, however imposed.

However, nothing relating to voluntary provision of data authorises any disclosure which²⁰⁹:

1. contravenes the Data Protection Act 1998 ("DPA 1998");
2. would be prohibited by Part 1 of the Regulation of Investigatory Powers Act 2000 ("RIPA 2000") (which deals with the interception, acquisition and disclosure of communications data)²¹⁰; or
3. allows the disclosure of data comprising or including patient data (defined as data relating to an individual which is held for medical purposes, i.e. diagnosis, research etc.)

Power to require disclosure of information

Audit Scotland has the power to *require* the disclosure of such information from certain bodies, as it may reasonably require, to conduct a data matching exercise²¹¹ as follows:²¹²:

1. any body or office-holder whose accounts are subject to audit by the Auditor General;

²⁰⁴ 2000 Act - s.26A(1)

²⁰⁵ 2000 Act - s.26A(3)

²⁰⁶ 2000 Act - s.26A(4)

²⁰⁷ 2000 Act - s.26B(1)

²⁰⁸ 2000 Act - s.26B(2)

²⁰⁹ 2000 Act - s.26B(3)

²¹⁰ It should be noted that the Investigatory Powers Act 2016 (which is not yet in force as at the current date of this document) proposes a change to s.26B(3). From the commencement of the relevant section of the IPA 2016, s.26(B)3 Paragraph (b) will be amended to read "which is prohibited by any of Parts 1 to 7 or Chapter 1 of Part 9 of the Investigatory Powers Act 2016". No date is yet confirmed for the commencement of this provision.

²¹¹ 2000 Act - s.26C(1)

²¹² 2000 Act - s.26C(2)

2. any body whose accounts are subject to audit by the Accounts Commission;
3. a Licensing Board continued in existence by or established under section 5 of the Licensing (Scotland) Act 2005; or
4. an officer or a member of any body, office-holder or board mentioned above.

Failure to comply with a requirement for the disclosure of information is a criminal offence. However, Audit Scotland may not require a disclosure of information where such a disclosure would contravene the DPA 1998 or where the disclosure is prohibited by Part 1 of the RIPA 2000.

Any disclosure made to Audit Scotland in accordance with section 26C(1) of the 2000 Act does not breach any duty of confidentiality owed by the person making the disclosure or any other restriction on the disclosure of data.

Disclosure of results of Data Matching by Audit Scotland

Under certain circumstances, information relating to a data matching exercise, including the results of such an exercise may be disclosed by or on behalf of Audit Scotland²¹³. However, the following stipulations apply:

1. The disclosure must be for, or in connection with, a purpose for which the data matching exercise was carried out.
2. The disclosure must be to a Scottish audit agency²¹⁴ or a related party, or to a UK audit agency²¹⁵ or related party.
3. The disclosure must be in pursuance of a duty imposed by a statutory enactment.

Special restrictions are imposed on the disclosure of information if it includes patient data (as defined above)²¹⁶. In effect, information which includes patient data may only be disclosed where the purpose for which the disclosure is made relates to a relevant NHS body. Alternatively, where the disclosure is made to a Scottish or UK audit agency, the function of that agency under which the disclosure is made must relate to a relevant NHS body.

Data disclosed by Audit Scotland, as described under points 1, 2 and 3 above, may not be further disclosed unless the disclosure is²¹⁷:

1. in connection with the purpose or function for which it was originally disclosed;
2. for the investigation or prosecution of an offence; or
3. in pursuance of a duty imposed by a statutory enactment.

Finally, it should be noted that disclosure of information other than as authorised under s.26D is an offence punishable by imprisonment, a fine or a combination of both.

Publication of reports on Data Matching

Audit Scotland is permitted to publish a report on its data matching exercises notwithstanding the limitation on disclosure as is provided above²¹⁸. However, a report that is published may not include information relating to a particular person if:

²¹³ 2000 Act - s.26D(1)

²¹⁴ A "Scottish audit agency" means either the Auditor General or the Accounts Commission.

²¹⁵ A "UK audit agency" means the Comptroller and Auditor General, the Audit Commission for Local Authorities and the National Health Service in England (soon to be replaced by the Cabinet Office), the Auditor General for Wales, the Comptroller and Auditor General for Northern Ireland, or a person designated as a local government auditor under article 4 of the Local Government (Northern Ireland) Order 2005.

²¹⁶ 2000 Act - s.26D(6)

²¹⁷ 2000 Act - s.26D(8)

²¹⁸ 2000 Act - s.26E(1)

1. the person is the subject of any data included in the data matching exercise;
2. the person can be identified from the information; or
3. the data is not otherwise in the public domain.

Audit Scotland may publish the report in such a manner as it considers appropriate for bringing it to the attention of those members of the public who may be interested²¹⁹.

Code of Data Matching Practice²²⁰

Audit Scotland must prepare and keep under review a code of data matching practice and all those involved in the process of data matching must have regard to the code.

Audit Scotland is required to consult all those bodies or office holders who must provide data, the Information Commissioner's Office and such other bodies as Audit Scotland thinks appropriate before preparing or altering the code of data matching practice. Finally, Audit Scotland has a duty to publish the code from time to time.

Other Data Matching Provisions

The SCA 2007 also made amendments to the Audit Commission Act 1998 ("ACA 1998") by the insertion of a new Part IIA. The ACA 1998 was a consolidating act setting out the operational parameters of the Audit Commission (the body responsible for the audit of local authorities in England).

The ACA 1998 was repealed by the Local Audit and Accountability Act 2014 ("LAAA 2014") which came into force in April 2015. The LAAA 2014 moved responsibility for the National Fraud Initiative in England to the Cabinet Office. The relevant provisions in the LAAA 2014 for the purposes of disclosure of results of data matching exercises is Schedule 9 which replicates the provisions of Part IIA of the ACA. Disclosure of results to the Accounts Commission, the Auditor General and Audit Scotland continues to be permitted.

Similar provisions are also made by the Public Audit (Wales) Act 2004 and the Audit and Accountability (Northern Ireland) Order 2003 which provide for the Auditor General for Wales and the Comptroller and Auditor General for Northern Ireland respectively, to conduct data matching exercises. The Accounts Commission, the Auditor General and Audit Scotland are all bodies to whom such results may be disclosed²²¹.

6. Auditing Audit Scotland

The Auditor General can require the SCPA to appoint a qualified person to audit any account of Audit Scotland which has been sent to the SCPA under section 19(8) of the 2000 Act²²².

The auditor must examine and certify the account and report on it to the SCPA in a similar fashion to the manner in which an auditor would report on an account to the Auditor General²²³. The SCPA may also initiate an economy, efficiency and effectiveness examination into Audit Scotland, on broadly the same terms as the Auditor General may initiate such an examination into another body or office-holder²²⁴.

Finally, the SCPA must lay a copy of the account of Audit Scotland, the auditor's report and the results of any examination before Parliament and must publish the account and any reports²²⁵.

7. Other Statutory Provisions which apply to Audit Scotland

²¹⁹ 2000 Act - s.26E(3)

²²⁰ 2000 Act - s.26F

²²¹ Audit and Accountability (Northern Ireland) Order 2003/418 art. 4D and Public Audit (Wales) Act 2004 s.64D

²²² 2000 Act - s.25(1)

²²³ 2000 Act - s.25(3)

²²⁴ 2000 Act - s.25(4)

²²⁵ 2000 Act - s.25(6)

British Sign Language (Scotland) Act 2015

This act applies to Audit Scotland, as a Listed Authority in the Schedule to the Act. Each Listed Authority is required to prepare and publish a plan in relation to British Sign Language (an “Authority Plan”) which must²²⁶:

1. set out measures to be taken by the listed authority in relation to the use of British Sign Language in connection with the exercise of the authority’s functions;
2. set out timescales by reference to which any such measures are to be taken;
3. where the listed authority has previously published at least one Authority Plan, to state how, when and to what extent measures to be taken by the authority by virtue of the most recently published such plan were taken, and
4. contain such other information (if any) as the Scottish Ministers may by order require.

In preparing an Authority Plan, Audit Scotland must try to achieve consistency between that plan and the most recently published National Plan²²⁷ and have regard to:

1. the extent to which the authority’s functions are exercisable using British Sign Language;
2. the potential for developing the use of British Sign Language in connection with the exercise of those functions;
3. any representations made to the authority in relation to using British Sign Language in that connection;
4. the most recently published report under section 4 of the BSLSA 2015²²⁸; and
5. such guidance, relevant to the preparation (or revision) of Authority Plans, as may be issued by the Scottish Ministers.

Procurement Reform (Scotland) Act 2014

As a “contracting authority” in terms of Section 1 of this Act, Audit Scotland is required to comply with the terms of the Act. In particular, Audit Scotland must, when carrying out a “regulated procurement”²²⁹:

1. treat relevant economic operators equally and without discrimination;
2. act in a transparent and proportionate manner; and
3. comply with the sustainable procurement duty²³⁰.

In addition, Audit Scotland is required to prepare a procurement strategy setting out how it intends to carry out regulated procurements, if the sum of the estimated values of the contracts to which its regulated procurements in that year relate will be equal to or greater than £5,000,000²³¹.

²²⁶ BSLSA 2015 - s.1

²²⁷ Prepared by the Scottish Ministers in accordance with Section 1 of the BSLSA 2015

²²⁸ Progress Reports prepared by the Scottish Ministers

²²⁹ Any procedure carried out by a contracting authority in relation to the award of a proposed regulated contract. A regulated contract is any public contract with a value over £50,000 or any public works contract with a value over £2,000,000 (save where such contract is excluded pursuant to Section 4 of the PRSA 2014)

²³⁰ As defined in Section 9 of the PRSA 2014

²³¹ PRSA 2014 - s.15

Public Records (Scotland) Act 2011

This act applies to the Auditor General, the Accounts Commission and Audit Scotland. As listed bodies under the act, each body must²³²:

1. prepare a records management plan setting out proper arrangements for the management of its public records;
2. submit the plan to the Keeper of the Records of Scotland²³³; and
3. ensure that its public records are managed in accordance with the plan as agreed with the Keeper.

Equality Act 2010

The Accounts Commission and Audit Scotland are both defined as a “Relevant Scottish Authority” for the purposes of the EA 2010²³⁴. As such, they are bound by the requirements of section 149 of the EA 2010. In particular they must have due regard to various factors including the need to²³⁵:

1. eliminate discrimination, harassment, victimisation and any other conduct prohibited under the EA 2010;
2. advance equality of opportunity between persons who share certain protected characteristics and those who do not; and
3. foster good relations between persons who share certain protected characteristic and persons who do not.

For the purposes of the EA 2010, the protected characteristics are²³⁶:

1. age;
2. disability;
3. gender reassignment;
4. pregnancy and maternity;
5. race;
6. religion or belief;
7. sex; and
8. sexual orientation.

Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012

These regulations provide further obligations on the Accounts Commission and Audit Scotland as listed authorities under the EA 2010. In particular, the following duties are imposed on the Accounts Commission, Audit Scotland and other listed authorities:

1. To publish a report on the progress it has made to make the equality duty integral to the exercise of its functions so as to better perform that duty. The first report was due by 30th April 2013 and at two-yearly intervals thereafter²³⁷.
2. To publish a set of equality outcomes which it considers will enable it to better perform the equality duty. The first set of equality outcomes was due by 30th April 2013 and at four-yearly intervals thereafter²³⁸.

²³² Public Records (Scotland) Act 2011 - s.1

²³³ One of the statutory titles of the Chief Executive of the National Records of Scotland.

²³⁴ EA 2010 - Sch.19(3) para. 1

²³⁵ EA 2010 - s.149(1)

²³⁶ EA 2010 - s.149(7)

²³⁷ EASDSR 2012 - reg. 3

²³⁸ EASDSR 2012 - reg. 4

3. Where it proposes any new or revised policies or practices, to assess these against the needs mentioned in section 149(1) of the EA 2010 (detailed above)²³⁹.
4. To take steps to gather information on the number and relevant protected characteristics of its employees and the recruitment, development and retention of such persons as employees of the authority. The authority must use this information to better perform the equality duty and the information must be published in the report to be produced in accordance with regulation 3 (see above)²⁴⁰.
5. To publish information on the percentage difference among its employees between men's average hourly pay (excluding overtime) and women's average hourly pay (excluding overtime). This information was due initially by 30th April 2013 and at two-yearly intervals thereafter²⁴¹.
6. Where the authority has more than 150 employees, to publish a statement specifying its policy on equal pay among its employees and occupational segregation in particular grades of employment and particular occupations within the organisation. An initial statement was due by 30th April 2013 and at four-yearly intervals thereafter²⁴².
7. To publish the reports and statements specified above in a manner which is accessible to the public²⁴³.

Public Services Reform (Scotland) Act 2010

The Accounts Commission and Audit Scotland are both "listed public authorities" for the purposes of Part 3, sections 31 to 34, of the PSRSA 2010.

Section 31 requires that a listed public authority must publish a statement of expenditure as soon as reasonably practicable after the end of each financial year. The statement must cover any expenditure relating to public relations, overseas travel, hospitality and entertainment and external consultancy²⁴⁴.

Each listed public authority must also publish a statement specifying the amount, date, payee and subject matter of any payment in excess of £25,000 for the financial year in question²⁴⁵.

Finally each listed public authority must publish a statement specifying the number of individuals (if any) who, during the financial year in question, received remuneration in excess of £150,000 in relation to their service as a member of the public body or as a member of its staff²⁴⁶.

Section 32 provides that each listed public body must publish a statement of the steps that it has taken during the financial year in question to promote and increase sustainable growth through the exercise of its functions and to improve efficiency, effectiveness and economy in the exercise of its functions²⁴⁷.

The Scottish Ministers may from time to time issue guidance on the duties to publish statements imposed by sections 31 and 32 of the PSRSA 2010. Each listed public authority is required to have regard for this guidance when publishing the required statements.

Scottish Parliament (Disqualification) Order 2010

Members of Audit Scotland and members of staff of Audit Scotland are also disqualified from being a member of the Scottish Parliament²⁴⁸.

²³⁹ EASDSR 2012 - reg. 5

²⁴⁰ EASDSR 2012 - reg. 6

²⁴¹ EASDSR 2012 - reg. 7

²⁴² EASDSR 2012 - reg. 8

²⁴³ EASDSR 2012 - reg. 10

²⁴⁴ PSRSA 2010 - s.31(2)

²⁴⁵ PSRSA 2010 - s.31(3)

²⁴⁶ PSRSA 2010 - s.31(4)

²⁴⁷ PSRSA 2010 - s.32(1)

²⁴⁸ Scottish Parliament (Disqualification) Order 2010/2476 art. 2

Climate Change (Scotland) Act 2009

Section 44 of the CCSA 2009 provides that all public bodies must, in the exercise of their functions, act as follows²⁴⁹:

1. in the way best calculated to contribute to the delivery of the targets set in or under Part 1 of the CCSA 2009²⁵⁰;
2. in the way best calculated to help deliver any programme laid before the Scottish Parliament under section 53 of the CCSA 2009; and
3. in a way that it considers is most sustainable.

Section 53 of the CCSA 2009 provides that where the Secretary of State²⁵¹ lays a report before the UK Parliament reporting on the impact of climate change, the Scottish Ministers must subsequently lay a programme before the Scottish Parliament. The programme must set out various proposals and objectives for adapting to climate change and address the risks identified in the report.

The Scottish Ministers must also give guidance to relevant public bodies in relation to their climate change duties and those bodies must have regard to such guidance²⁵².

For the purposes of the CCSA 2009, the term public body means any Scottish Public Authority as defined in Section 3(1)(a) of FOISA 2002. Thus, the Auditor General, the Accounts Commission and Audit Scotland must all act in accordance with the act.

Company, Limited Liability Partnership and Business Names (Public Authorities) Regulations 2009

These regulations provide that the Accounts Commission, the Auditor General and Audit Scotland are all relevant public authorities for the purposes of section 54 and section 1193 of the Companies Act 2006²⁵³. Accordingly, the approval of the Scottish Ministers is required for the registration of a company or LLP with a name which gives the impression that the company or LLP is associated with the Accounts Commission, the Auditor General or Audit Scotland²⁵⁴. Prior to granting approval the Scottish Ministers must also seek the opinion of the Accounts Commission, the Auditor General or Audit Scotland (respectively) as to whether or not such approval should be granted²⁵⁵.

In addition a person must not carry on any business in the United Kingdom under a name which gives the impression that the business is associated with the Accounts Commission, the Auditor General or Audit Scotland, without the approval of the Scottish Ministers²⁵⁶.

Social Work Inspections (Scotland) Regulations 2006

Audit Scotland is listed as one of the bodies to whom an inspector may disclose information under the Social Work Inspections (Scotland) Regulations 2006²⁵⁷.

Where an inspector has obtained information for the purposes of an inspection or investigation and considers that holding that information would assist one of the listed bodies to carry out their functions, the inspector may disclose that information to the person or body in question.

²⁴⁹ CCSA 2009 - s.44

²⁵⁰ Part 1 of the CCSA 2009 deals with the setting of Emission Reduction Targets.

²⁵¹ In this context Secretary of State means the UK Secretary of State for Energy and Climate Change.

²⁵² CCSA 2009 - s.45

²⁵³ CLBNR 2009 - reg. 3

²⁵⁴ CA 2006 - s.54

²⁵⁵ CLBNR 2009 - reg. 4

²⁵⁶ CA 2006 - s.1193

²⁵⁷ Social Work Inspections (Scotland) Regulations 2006/531 (Scottish SI) reg. 4

Gaelic Language (Scotland) Act 2005

The GLSA 2005 established a body, known as Bòrd na Gàidhlig (the Bòrd), to promote the use and understanding of the Gaelic language in Scotland²⁵⁸.

In addition to developing a nationwide Gaelic language plan, the Bòrd also has the power to require Scottish public authorities to prepare and implement Gaelic language plans²⁵⁹. These plans set out how the public authority will use the language in connection with the exercise of its functions.

“Scottish public authority” is defined as any public body or office-holder with functions which can be exercised only in, or as regards, Scotland and would therefore include each of the Auditor General, the Accounts Commission and Audit Scotland. To date, no such request has been made by the Bòrd to any of the three bodies, however such a request could be made in the future.

In the event that the Bòrd was to request that the Auditor General, the Accounts Commission or Audit Scotland prepare a Gaelic language plan, it would need to do so by written notice giving the body in question no less than 6 months within which to prepare the plan²⁶⁰.

In deciding whether or not to require a public authority to prepare a Gaelic language plan, the Bòrd must have regard to:

1. the most recent national Gaelic language plan (if any);
2. the extent to which the Gaelic language is used by persons in relation to whom the functions of the authority are exercisable, and whether, in the Bòrd's opinion, there is potential for the authority to develop the use of the Gaelic language in connection with the exercise of those functions;
3. any representations made to it in relation to the use of the Gaelic language in connection with the exercise of those functions; and
4. any guidance given by the Scottish Ministers.

Management of Offenders etc. (Scotland) Act 2005

The Management of Offenders etc. (Scotland) Act 2005 (“MOSA 2005”) established eight Community Justice Authorities across Scotland. The task of these authorities was and is to transform the way councils, the Scottish Prison Service and other local organisations work together to tackle re-offending.

Under section 6 of MOSA 2005, a report by Audit Scotland (among several other organisations) is one of the triggers by which Scottish Ministers may identify that a Community Justice Authority has failed or is failing to satisfactorily exercise its functions²⁶¹. Consequently on the identification of such a failing, Scottish Ministers can issue a preliminary notice to the Community Justice Authority informing it of the apparent failing and requiring the authority to submit appropriate responses²⁶².

Freedom of Information (Scotland) Act 2002

Schedule 1 of FOISA 2002 lists the Accounts Commission, the Auditor General and Audit Scotland as Scottish Public Authorities to which the act applies²⁶³.

FOISA 2002 provides that where a person requests information from a Scottish public authority (for instance Audit Scotland) that person is entitled to be given the information by the authority²⁶⁴.

²⁵⁸ GLSA 2005 - s.1

²⁵⁹ GLSA 2005 - s.3

²⁶⁰ GLSA 2005 – s.3(2)(a)

²⁶¹ MOSA 2005 - s.6(1) and (2)

²⁶² MOSA 2005 - s.6(3)

²⁶³ FOISA 2002 - Sch.1(7) para. 57

²⁶⁴ FOISA 2002 - s.1(1)

The Accounts Commission, the Auditor General and Audit Scotland are therefore required to provide information requested by a person unless it falls into one of the exempt categories listed in part 2 of FOISA 2002. Information must usually be provided by not later than the twentieth working day after the request is received.

In addition, all Scottish Public Authorities defined in FOISA 2002 are subject to the Environmental Information (Scotland) Regulations 2004 which came into force on 1 January 2005. These regulations implemented Directive 2003/4/EC of the European Parliament on public access to environmental information.

Under the regulations each Scottish Public Authority must take reasonable steps to organise and keep up to date the environmental information, relevant to its functions, which it holds. The authority must maintain this information with a view to the active and systematic dissemination of the information to the public and shall make that information progressively available to the public by electronic means²⁶⁵.

Furthermore a Scottish Public Authority that holds environmental information shall make it available when requested to do so by any applicant²⁶⁶. Such requests and the subsequent responses by a Public Authority are made on broadly the same terms as requests under FOISA 2002. For the purposes of the regulations, "Environmental Information" is broadly defined and can include, for example, policies, plans and programmes relating to the environment; reports on the state of the environment; and data or summaries of data derived from the monitoring of activities that affect or are likely to affect the environment.

Scottish Public Services Ombudsman Act 2002

The Accounts Commission, the Auditor General and Audit Scotland are each a "listed authority" for the purposes of the Scottish Public Services Ombudsman Act 2002. As such, they are liable to investigation by the Scottish Public Services Ombudsman ("SPSO")²⁶⁷.

The Ombudsman is entitled to investigate any failure in a service provided by an authority or any failure of an authority to provide a service which it was a function of the authority to provide. Such investigations may take place either where a complaint has been made to the Ombudsman or the authority in question has requested the investigation.

Where an investigation uncovers maladministration or service failure, the SPSO will produce a report making recommendations for how the authority in question can address the identified issues. The report must be sent to the authority in question, the Scottish Ministers and, where the investigation was made as a result of a complaint, to the individual or party who made the complaint²⁶⁸.

In the event that an authority does not implement the recommendations made in the SPSO's report following a complaint, the SPSO may prepare a further "Special Report" to be laid before Parliament. Following this, Parliament may take such further action as it deems appropriate.

In addition to the investigatory procedures outlined above, section 119 of the PSRSA 2010 amended the SPSOA 2002 with the addition of new sections 16A to 16F which deal with complaints handling procedures ("CHPs").

In particular, section 16A requires each listed authority to have in place a "complaints handling procedure" in respect of actions taken by the authority²⁶⁹. The SPSO itself is required to publish a "statement of principles"²⁷⁰ concerning how CHPs should operate and it is the responsibility of each listed authority to ensure its particular procedure complies with the statement of principles.

The SPSO may also produce model CHPs and specify that such model CHPs apply to particular listed authorities²⁷¹. Where the SPSO provides that a model CHP applies to a particular authority it must notify the authority that the model CHP applies, following which the authority in question must ensure its CHP matches the requirement of the model CHP.

²⁶⁵ EISR 2004 - reg. 4

²⁶⁶ EISR 2004 - reg. 5

²⁶⁷ SPSOA 2002 - Sch.2(2) para. 18, 19 and 20

²⁶⁸ SPSOA 2002 - s.15

²⁶⁹ SPSOA 2002 - s.16A(2)

²⁷⁰ SPSOA 2002 - s.16A(1)

²⁷¹ SPSOA 2002 - s.16B(1)

Ethical Standards in Public Life etc. (Scotland) Act 2000

The Ethical Standards in Public Life etc. (Scotland) Act 2000 makes various amendments to the LGSA 1973. In particular, a new section 103H is inserted into the LGSA 1973 providing protection for certain organisations from actions for defamation²⁷².

This section provides *inter alia* that any statement made by (i) the Account Commission, (ii) any of its agents or staff of Audit Scotland under section 10(3) of the 2000 Act (requirement to provide assistance and support to the Auditor General and the Accounts Commission); or (iii) the Controller of Audit, shall be absolutely privileged. This principle provides an absolute defence in the event that an action for defamation is brought in relation to any such statement.

Public Interest Disclosure Act 1998

The Public Interest Disclosure Act 1998 (“PIDA 1998”) amended the Employment Rights Act 1996 (“ERA 1996”) by the addition of Part IVA dealing with “Protected Disclosures”. A protected disclosure is defined as any disclosure of information made by a worker to one of a range of bodies and organisations (“prescribed persons”)²⁷³. The information must, in the reasonable belief of the worker, be made in the public interest and show one of the following:

1. that a criminal offence has been committed, is being committed or is likely to be committed;
2. that a person has failed, is failing or is likely to fail to comply with any legal obligation to which he is subject;
3. that a miscarriage of justice has occurred, is occurring or is likely to occur;
4. that the health or safety of any individual has been, is being or is likely to be endangered;
5. that the environment has been, is being or is likely to be damaged; or
6. that information tending to show any matter falling within any one of the preceding paragraphs has been, is being or is likely to be deliberately concealed.

The Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2003 (which amended the Public Interest Disclosure (Prescribed Persons) Order 1999) provides that, for the purposes of the PIDA 1998 and the ERA 1996, the Accounts Commission, the Auditor General and Audit Scotland are prescribed persons. A worker may therefore make a protected disclosure to the Accounts Commission, the Auditor General or Audit Scotland in relation to the proper conduct of public business, value for money, fraud and corruption in public bodies²⁷⁴.

With effect from 1 October 2014, the Public Interest Disclosure (Prescribed Persons) Order 1999 was revoked and replaced by the Public Interest Disclosure (Prescribed Persons) Order 2014 (the “2014 Order”). The 2014 Order still provided that the Accounts Commission, the Auditor General and Audit Scotland were to be “prescribed persons”. However, the Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2017 deleted reference to Audit Scotland in the 2014 Order. As a result, Audit Scotland itself is no longer listed as a “prescribed person” for the purposes of the PIDA 1998 and the ERA 1996²⁷⁵. That said, the 2014 Order provides that auditors appointed by the Accounts Commission to audit the accounts of local government bodies and persons appointed by the Auditor General or on his/her behalf under the PFASA 2000 to act as auditors or examiners for the purposes of sections 21 to 24 of the PFASA 2000 shall still be considered prescribed persons. On that basis, and in that capacity, Audit Scotland should technically be considered a prescribed person and would still be empowered to investigate whistleblowing claims.

²⁷² ESPLSA 2000 - s.33

²⁷³ PIDA 1998 - s.1

²⁷⁴ Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2003/1993 Sch. 1 para. 1

²⁷⁵ The Board of Audit Scotland has been advised that the amendment made by the Public Interest Disclosure (Prescribed Persons) (Amendment) Order 2017 was in error and that this change will be rectified in due course. At the time of writing, however, the provision stands.

Section 148 of the Small Business, Enterprise and Employment Act 2015 (“SBEEA 2015”) amends the ERA 1996 by the insertion of a new Section 43FA. That section provides that the Secretary of State may make regulations requiring a person prescribed for the purposes of section 43F (i.e. Audit Scotland, the Accounts Commission or the Auditor General) to produce an annual report on disclosures of information made to the person by workers.

The regulations must set out the matters that are to be covered in a report, but must not require a report to provide detail that would enable the identification of a worker who has made a disclosure or the identification of an employer or other person in respect of whom a disclosure has been made.

In accordance with the aforementioned power, the Secretary of State has published The Prescribed Persons (Reports on Disclosures of Information) Regulations 2017. These regulations come into force on 1 April 2017. From the commencement of the Regulations, Audit Scotland, the Auditor General and the Accounts Commission, as “prescribed persons” will be required to publish annual reports, detailing the protected disclosures which it has received in each 12 month period running from 1 April each year²⁷⁶.

The report must contain, without including any information in the report that would identify a worker who has made a disclosure of information, or an employer or other person in respect of whom a disclosure of information has been made:

1. the number of workers’ disclosures received during the reporting period that the relevant prescribed person reasonably believes are qualifying disclosures within the meaning of section 43B of the ERA 1996; and which fall within the matters in respect of which that person is so prescribed;
2. the number of those disclosures in relation to which the relevant prescribed person decided during the reporting period to take further action;
3. a summary of the action that the relevant prescribed person has taken during the reporting period in respect of the workers’ disclosures; and how workers’ disclosures have impacted on the relevant prescribed person’s ability to perform its functions and meet its objectives during the reporting period; and
4. an explanation of the functions and objectives of the relevant prescribed person.

Human Rights Act 1998

Each of the Auditor General, the Accounts Commission and Audit Scotland are subject to the terms of the Human Rights Act 1998. As such it is unlawful for any of the three bodies to act in a way which is incompatible with the European Convention on Human Rights unless they are obliged to do so by UK statute.

House of Commons Disqualification Act 1975

The HCDA 1975 provides that members and/or staff of certain public bodies are prohibited from becoming members of the House of Commons. All members of the Accounts Commission, members of Audit Scotland and members of staff of Audit Scotland are among those so prohibited²⁷⁷.

Superannuation Act 1972

The Public Finance and Accountability (Scotland) Act 2000 (Transfer of NAO Staff etc.) Order 2000 amended the Superannuation Act 1972 (“SA 1972”) to provide that employment with Audit Scotland shall be included in the kinds of employment to which a scheme established under section 1 of the SA 1972 can apply²⁷⁸.

Section 1 of the SA 1972 provides that the Minister for the Civil Service may make, maintain and administer schemes (whether contributory or not) whereby provision is made with respect to the pensions, allowances or

²⁷⁶ PPRDIR 2017 – s.3(1)

²⁷⁷ HCDA 1975 Sch.1(3) para. 1 (as amended by the House of Commons Disqualification Order 2010/762 Sch.1(2) para.6 and Sch.1(3) para. 10)

²⁷⁸ The Public Finance and Accountability (Scotland) Act 2000 (Transfer of NAO Staff etc.) Order 2000/935 art. 4

gratuities which are to be paid, or may be paid to employees of the organisations specified in the schedules to the SA 1972²⁷⁹.

In practice, the provisions of section 1 of the SA 1972 only apply to former members of the National Audit Office (“NAO”) whose employment transferred to Audit Scotland under the above noted order. It is not possible for new members of staff of Audit Scotland to be added to such a scheme.

²⁷⁹ SA 1972 - s.1(1)