

Correspondence and whistleblowing

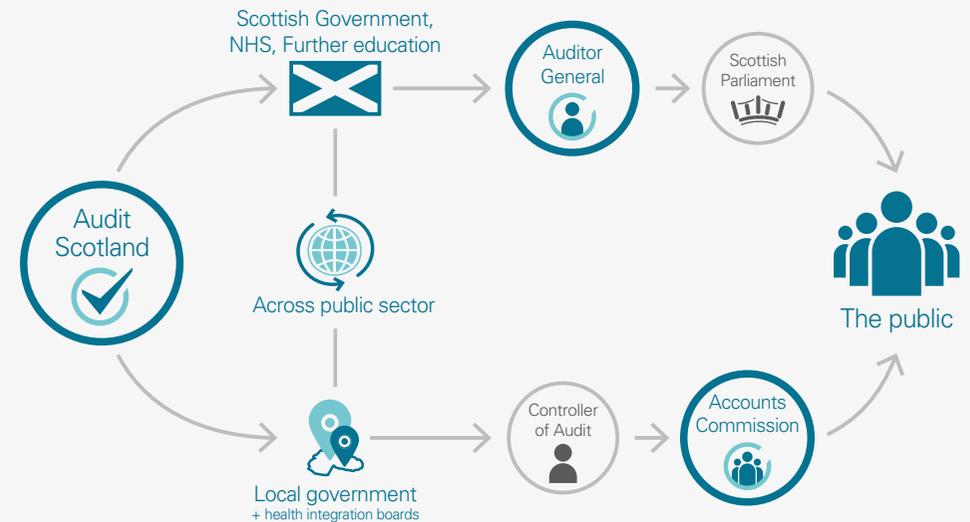
Annual report 2018/19



Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- **Audit Scotland** is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.
- The **Auditor General** is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The **Accounts Commission** is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

Introduction

1. We welcome correspondence from the general public, MSPs and councillors. People correspond with us on a range of matters about the bodies we audit and this can be a valuable source of information for our audit work. They may want to raise an issue of concern or make a [whistleblowing disclosure](#); have an enquiry about our audit work; or raise an [objection to a local government body's account](#).
2. This report sets out information about the correspondence we received during 2018/19, including the volume, which sector it relates to and our performance against target response times.
3. We consider issues of concern as part of our [Code of Audit Practice](#). This states that the key factor in determining whether we examine an issue of concern is its relevance to Audit Scotland's role and functions.
4. [Freedom of information](#) requests are covered in a separate annual report, along with complaints about Audit Scotland.



Whistleblowing

Under the Public Interest Disclosure Act 1998, people can raise concerns about an organisation with 'prescribed persons', eg independent regulators. The Auditor General, the Accounts Commission and Audit Scotland are prescribed persons. Statutory reporting about whistleblowing disclosures came into effect on 1 April 2017. This report covers whistleblowing disclosures during 2018/19.



Objections to local government accounts

Auditors appointed by the Accounts Commission have specific duties to consider formal objections to the accounts of local government bodies which are raised by members of the public.



Freedom of information

Audit Scotland also responds to Freedom of Information (FoI) requests. Our Corporate Governance team handles these.

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

Key messages

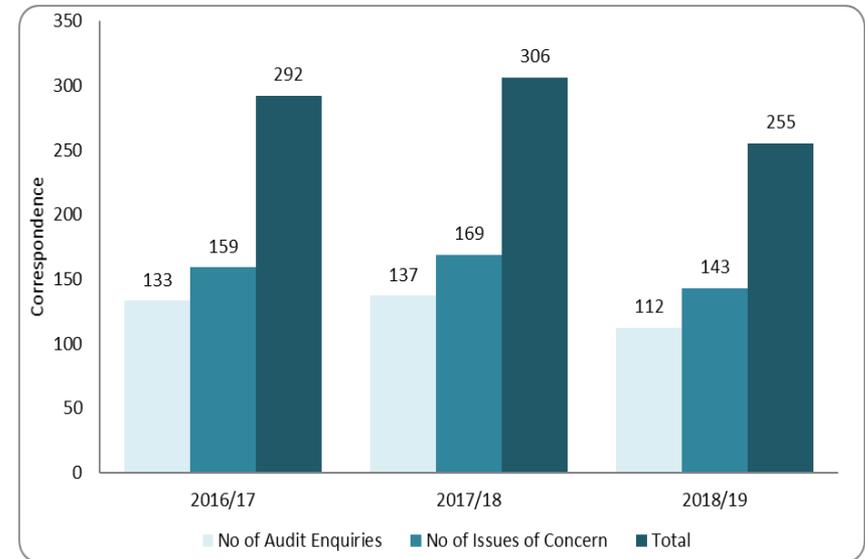
- We dealt with 263 correspondence cases in 2018/19. This includes 143 issues of concern, 22 of which were whistleblowing disclosures. Over two-thirds (68 per cent) related to the local government sector, 22 per cent to central government and nine per cent were about the NHS.
- During 2018/19, 73 per cent of correspondence raising concerns about public bodies were used as either audit intelligence or were explored as part of our audit work.
- Public expectation about Audit Scotland's role in dealing with correspondence continues to grow. The issues that people raise with us are also becoming more complex.
- Performance against our targets remains high. During 2018/19, we acknowledged 99 per cent of issues of concern within our target of five working days. We issued a final response within our target of 30 working days for 98 per cent of cases.
- We are committed to improving our management information. During 2018/19, we changed how we record our cases to better identify themes from correspondence. Contract management was a commonly raised issue across all sectors. We continue to use this intelligence to inform our audit work.

Correspondence in 2018/19

The volume of correspondence fell slightly in 2018/19 however the complexity of cases continues to increase

5. In 2018/19, we received 255 cases of correspondence (**Exhibit 1**). This consists of :
 - 112 enquiries about our audit work
 - 143 issues of concern, which includes whistleblowing concerns and objections to accounts.
6. We also carried forward eight cases that were still in progress on 1 April 2018, bringing the total we dealt with in 2018/19 to 263.
7. Members of the public raised almost 82 per cent of the concerns we received. MSPs raised 13 per cent of concerns and five per cent came from councillors. This is fairly consistent with previous years, although we have seen an increase in the numbers raised by MSPs.
8. Enquiries about our audit work include requests for further data from performance audit reports, questions about legislation and information about the role of public bodies. We had several enquiries about Audit Scotland's [Superfast broadband for Scotland](#) report which was published in September 2018. There continues to be public interest following publication of our report on [Transport Scotland's ferry services](#) in October 2017.

Exhibit 1. Volume of correspondence received, 2016/2017 to 2018/19



Note: This exhibit does not include the eight open cases carried forward from the previous year.

Correspondence in 2018/19

Whistleblowing

9. Audit Scotland, the Auditor General, the Accounts Commission and the auditors they appoint, are prescribed persons under the Public Interest (Prescribed Persons) Disclosure Order (2014). Workers (as described by the guidance) can raise disclosures about fraud, corruption or wrongdoing within the public bodies we audit. Our role is to provide workers with an alternative method for making a protected disclosure where they do not feel they can contact the public body directly.
10. Whistleblowing cases are reported in the overall number of issues of concern we receive. In 2018/19, we received 22 whistleblowing disclosures, a slight decrease on the 27 in 2017/18. The breakdown by prescribed person is as follows:
 - 21 to Audit Scotland ¹
 - 1 to the Auditor General.
11. We take our whistleblowing responsibilities very seriously and have a process in place to ensure we deal with disclosures appropriately.
12. Audit Scotland, the Accounts Commission and the Auditor General and the auditors they appoint do not have the power to issue fines or enforcements on the public bodies we audit. The guidance does not place any additional power or duty on 'prescribed persons' and we do not have a legal obligation to act on a whistleblowing disclosure.

Outcomes of 22 whistleblowing disclosures

One disclosure resulted in auditors carrying out a forensic investigation over and above planned audit work.

Seven disclosures were included as part of routine audit work.

Eight disclosures did not warrant an investigation but were considered as useful audit intelligence.

Five cases were not able to be actioned because there was insufficient information or no contact details were provided. Nonetheless we shared these with the auditors for information.

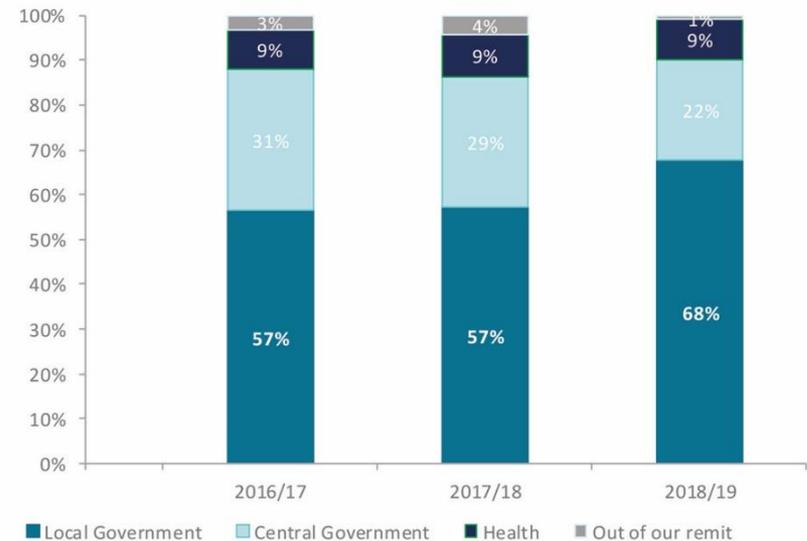
One case was about a body we do not audit.

¹ 12 of the 21 did not specify they were raising a concern under whistleblowing legislation however we treated them as whistleblowing due to the nature of the disclosure.

Correspondence in 2018/19

13. All but one of the concerns we received in 2018/19 were about public bodies we audit. Ninety-seven concerns (68 per cent) related to the local government sector, 32 concerns (22 per cent) related to central government bodies and 13 (nine per cent) to health bodies (**Exhibit 2**).² The distribution is consistent with previous years, but we received slightly fewer concerns about central government bodies than in the previous two years.
14. Qualitative information suggests concerns are increasing in complexity, for example many of this year's concerns were about complicated contract management issues or involved more than one audited body. The time we spend dealing with concerns is also increasing. As set out in our policy, we aim to deal with all correspondence in a timely manner and have the same response targets regardless of complexity of each case. We discuss our performance on **page 10**.

Exhibit 2. Percentage of concerns by sector 2016/17 to 2018/19



² We received one concern about a body we do not audit.

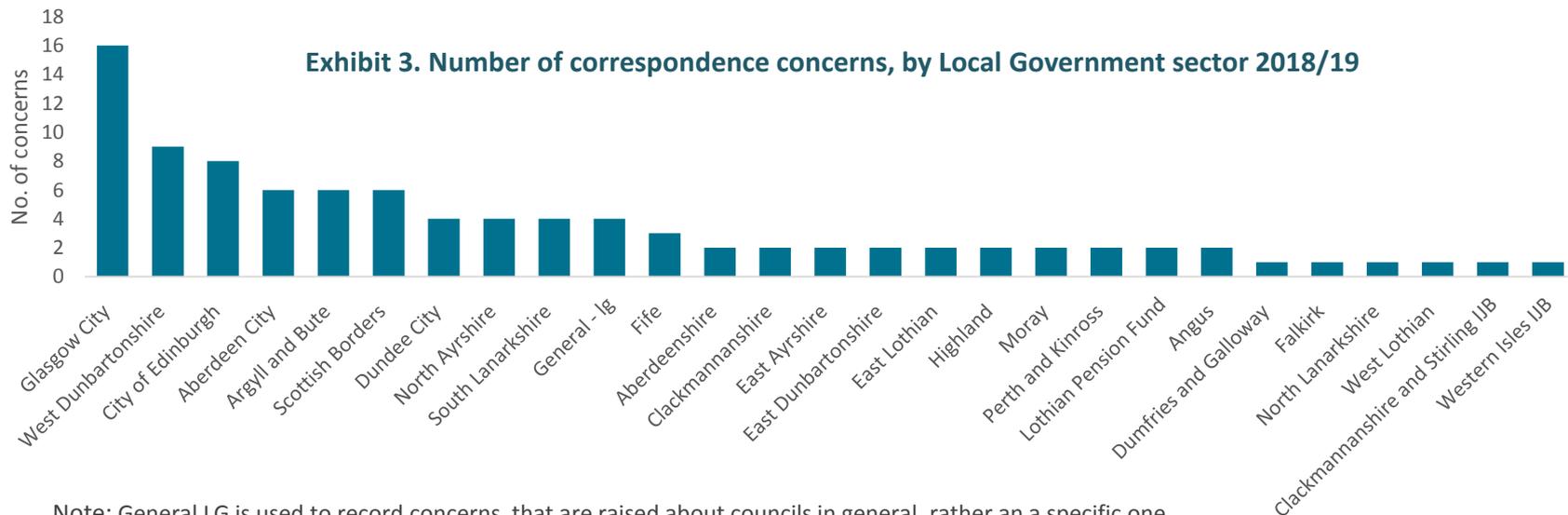
Local government issues of concern 2018/19

Over two-thirds of concerns were about local government bodies

15. Most of the 97 local government issues of concern we received were about councils and two were about Integrated Joint Boards (IJBs) (**Exhibit 3**). This includes nine objections to accounts; six about City of Edinburgh Council's accounts, and one each about Glasgow City Council, North Ayrshire Council and Scottish Borders Council.
16. The councils with the highest proportion of concerns raised in 2018/19 were Glasgow City (16 per cent), West Dunbartonshire (nine per cent) and City of Edinburgh (eight per cent). Glasgow City, City of Edinburgh and Aberdeen City councils accounted for the highest percentages of concerns in the local government sector in 2017/2018.

There are some recurring themes in the correspondence received about local government. Of note this year were concerns about:

- procurement and management of contracts
- sale or development of land (eg, inadequate consultation, lack of transparent decision-making)
- disposal of assets
- value for money of capital projects
- third sector and private sector organisations (eg, those providing social care services)
- value for money of severance packages
- housing services
- member or officer behaviour.



Note: General LG is used to record concerns that are raised about councils in general, rather than a specific one.

Central government and NHS issues of concern 2018/19

17. We received 32 items of correspondence relating to 13 central government bodies (**Exhibit 4**). The bodies with the highest proportion of concerns were Transport Scotland (28 per cent) and Scottish Government (22 per cent). One concern related to a general central government issue. Transport Scotland and the Scottish Government accounted for the highest percentages of concerns in the central government sector in 2017/2018, along with the Scottish Police Authority.

18. We received 13 items of correspondence relating to six NHS boards (**Exhibit 5**). The health boards with the highest proportion of concerns were NHS Fife and NHS Highland (both 23 per cent) and NHS Greater Glasgow and Clyde (15 per cent). We received two concerns that related to the NHS in general. NHS Highland and NHS Tayside accounted for the highest percentages of concerns in the NHS sector in 2017/2018.

There were some recurring themes in the correspondence received about central government bodies. These included:

- management of contracts, eg ferries
- grant funding
- roads (trunk)
- HR policies.

Although fewer concerns were raised about NHS boards, recurring themes included:

- management of contracts
- HR policies
- transparency of financial reporting.

Exhibit 4. Number of correspondence concerns, by Central Government bodies 2018/19

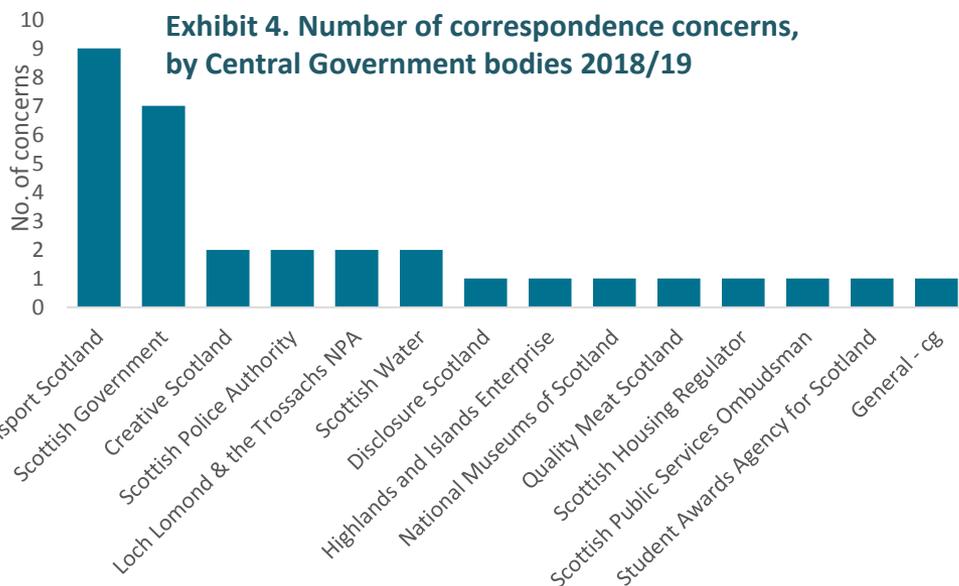
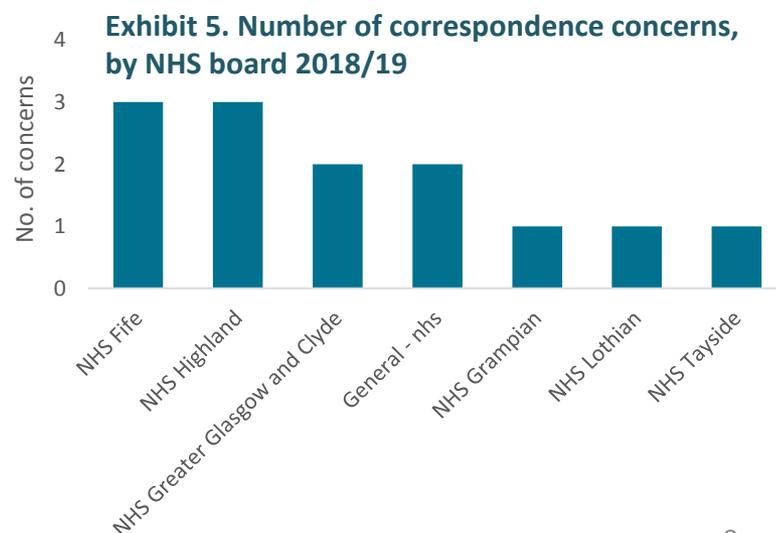


Exhibit 5. Number of correspondence concerns, by NHS board 2018/19

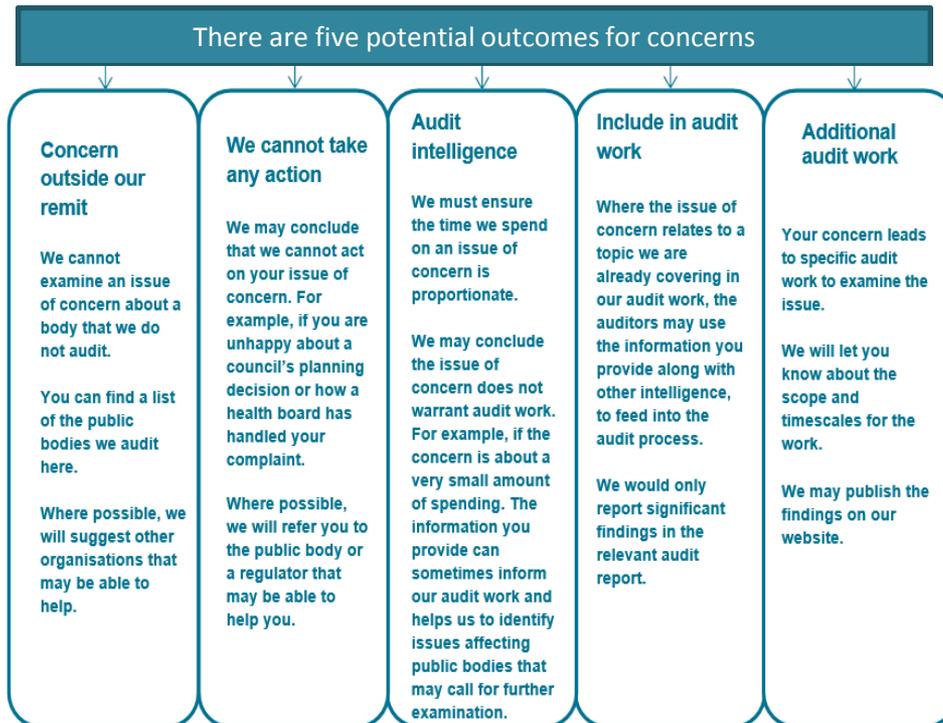


Outcomes for correspondence 2018/19

We use correspondence to inform our audit work

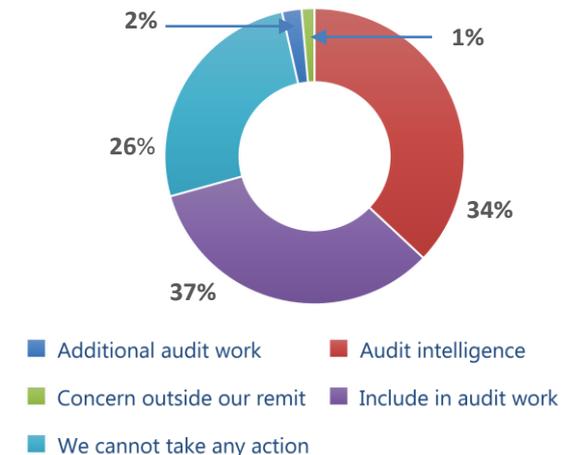
- Audit Scotland's correspondence team shares all correspondence with the relevant audit teams to ensure they have oversight of all the concerns people contact us about.
- The correspondence team, in conjunction with auditors, use their technical and professional judgement to decide what action to take. While we recognise that issues that correspondents raise are important to them, we must ensure we use our resources carefully and that public money is not spent looking at issues that are not relevant to audit work.

Exhibit 6. Outcomes for correspondence



- Our flowchart provides correspondents with information about the five potential outcomes (**Exhibit 6**). We always advise the correspondent of the five potential outcomes from their contract with us.
- We use the correspondence to add to our knowledge of audited public bodies, and most issues of concern inform audit work in some way. Issues raised in almost three-quarters of concerns were included in planned audit work, used as audit intelligence, or auditors did additional audit work to examine the issue (**Exhibit 7**).
- We use all relevant intelligence from correspondence when planning audit work and in developing our programme of performance and best value audits. This ensures auditors include issues of concern raised through correspondence when assessing relevant audit risks in their audit planning.

Exhibit 7. Outcomes for 2018/19 correspondence



Our performance in 2018/19

We performed well in relation to target response times

24. We have two key performance targets relating to response times for concerns. We aim to acknowledge receipt of all concerns within five working days and to provide a final response to all within 30 working days.
25. During 2018/19 we acknowledged 99 per cent of concerns within five working days and 98 per cent received a final response within 30 working days (100 per cent and 96 per cent respectively in 2017/18). We took longer than 30 days to give a final response to three concerns. These were complex cases which required additional work. We informed the correspondents of the delayed timescales.
26. The cost for 2018/19 was around £162,000. This includes time spent by our correspondence team, training and some of auditors' input. The overall cost will be higher, as auditors who consider concerns record their time on this as part of the annual audit.

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This report is available in PDF and RTF formats,
along with a podcast summary at:

www.audit-scotland.gov.uk 

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