

Corporate plan

Interim plan 2022/23



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Forewords

We are living in a time of volatility and uncertainty unmatched in living memory, and Scotland's public services face the biggest challenges since devolution.

The role of Audit Scotland in providing assurance about public spending and in supporting the improvement of public services has never been more critical. Over the coming years, Scotland's public bodies will have to balance the job of driving Scotland's recovery from the Covid-19 pandemic with the crucial task of reforming public services to meet rising demands. Public spending in Scotland has risen by more than a quarter in the past two years, a scale and pace that was previously unthought of. As Scotland emerges from the pandemic, we need to increase our focus on other crucial issues such as climate change and inequalities.

In this environment, public audit must perform its role in holding public bodies to account, supporting scrutiny and transparency of public spending, and supporting the improvement of public services. As a board, we will help ensure that Audit Scotland is equipped to do this.

In this interim corporate plan, we highlight how Audit Scotland is responding to the major challenges facing the public sector, and how we are changing and growing as an organisation to ensure we can do the job that the people of Scotland need from us and continue to provide high-quality public audit.

Public audit in Scotland is independent, objective and robust.

Audit provides politicians, decision-makers and the public with assurance and information about how public money is spent and help Scotland's Parliament hold public bodies accountable. This is more important than ever at a time when public spending has risen sharply in response to the pressures on public services.

We need to make sure we have the resources, skills, and capacity to cover the quickly growing scale of the job, while safeguarding the health and wellbeing of our staff. It is also essential that we can demonstrate the independence and quality of all the financial audits carried out under the refreshed Code of Audit Practice, and that our performance audit programme is relevant, timely and agile.

Through the actions outlined in this update, we will seek to ensure we are equipped to deliver the work and build on our quality assurance and improvement programmes. Most of all, we will strive to ensure our work positively affects the lives of people and communities across Scotland.



Professor Alan Alexander

Chair of the
Audit Scotland
Board



Stephen Boyle

Auditor General
for Scotland and
Accountable
Officer

Our vision



Our vision

To be a world-class public audit organisation that improves the use of public money.

Why we exist

To support the Auditor General for Scotland and the Accounts Commission.

To ensure that public money is used well and benefits the lives of people and communities in Scotland.

Our objectives

To deliver world-class public audit that makes a positive difference to how public money is used and to the outcomes that people experience.

To be a world-class organisation that achieves maximum impact and provides rewarding careers.

What we do

We carry out relevant and timely audits on the efficiency and effectiveness of public services in Scotland.

We identify risks, review evidence, report our findings in public, make clear recommendations and follow these up.

How we do it



Risk assessments of public bodies and strategic themes



Annual audits of public bodies, Best Value audits, performance audits, statutory reports



Investigate and report on matters of public concern



Coordinate scrutiny and fraud investigation work



Support the scrutiny of the use of public money



Support improvement

Introduction

Our current corporate plan covered the period 2018-21. Since we produced our plan, the world has changed. The Covid-19 pandemic has disrupted every aspect of life and public services, exacerbated the significant existing pressures on public bodies, and driven a sharp and rapid rise in public spending. And as we come through the pandemic, the war in Europe and the major increases in the cost of living create new uncertainty, pressures and volatility.

Given this context, we are taking a timely exploration of fundamental questions such as the purpose and priorities of public audit in Scotland, as well as organisational matters such as our leadership, structure and ways of working, and our values as a workplace.

In that light, this plan is an interim document, bridging the existing corporate plan and a new one due in 2023 reflecting the key issues we are currently exploring. This interim plan sets out our priorities for the year ahead and extends the life of our current plan to reflect the work we are doing during 2022/23 to update our purpose and our strategic goals.

We have developed and refreshed our audit approach in response to the pandemic and to be more flexible and responsive. We must also build our capacity and ensure we have the right skills and resources to address the major challenges ahead such as tackling inequalities, climate change and rising demands on public services. We also need to be able to support our staff to work in the ways that work best for them, the organisation and the public bodies we audit, as well as safeguarding wellbeing and quality. This interim plan sets out how we will do this over the next year, ensuring we change and grow to make sure we can do the job that Scotland needs us to do.

In this complex and challenging environment, it is important that independent, objective and authoritative public audit continues to support a strong and effective system of financial accountability and transparency. The bedrock of this is the quality of our audit work. This has been a priority over recent years and will continue to be so. We remain committed to continuous improvement and robust audit work that supports effective scrutiny of public spending.

Delivering world-class public audit

We want our audit work to have a real, positive and lasting impact on public services in Scotland.

Our audit work is directed by the priorities of the Auditor General and the Accounts Commission, as well as our assessment of the key issues and risks facing Scotland's public sector.

The annual financial audit of public bodies across Scotland forms the largest part of our work. In 2021/22, we audited over 300 sets of accounts and produced 226 annual audit reports. Alongside this, we carry out a wide range of performance, Best Value, and thematic audits as part of our dynamic work programme, which focuses on the key risks, issues and opportunities facing Scotland's public services.

Our objective is to ensure that public audit in Scotland makes a positive difference to how public money is used, and the outcomes that people experience.

To do this it must:

- be informed by an excellent understanding of the issues public bodies face, and respond to changing circumstances
- be efficient, proportionate and apply the highest professional and ethical standards
- report clearly and authoritatively and provide insight into what works well, what needs to improve and follow the public pound
- offer foresight on future risks and opportunities for improvement
- promote transparency, accountability and Best Value.

Financial audit

All our financial audits, whether delivered by our in-house teams or contracted firms, currently follow the [Code of audit practice 2016](#). The Code sets the framework for public audit in Scotland under which auditors provide conclusions on four dimensions of a wider scope of audit:



The wider scope ensures that auditors provide appropriate assurance to the Auditor General, the Accounts Commission and wider stakeholders, and that audit work helps put audited bodies in a better position to address the challenges that they face. The code also ensures auditor compliance with International Standards on Auditing and Ethical Standards.

During 2022/23, we will implement our new [Code of Audit Practice 2021](#) on behalf of the Auditor General and Accounts Commission.

The Auditor General and the Accounts Commission appoint the auditors to the public sector organisations in Scotland. Public audit in Scotland is delivered using a mixed market approach. Two-thirds of the annual financial audits, by value, are carried out by Audit Scotland and a third are carried out by private sector audit firms. The audit appointments are reviewed and changed every five years and we have completed the procurement for the new appointment round. During 2022, we will continue our preparation for the changeover in appointments, which will take effect from October 2022.

Performance audit

Our dynamic [work programme](#) is based around five strategic themes:

- Economic recovery and growth
- Policy priorities and commitments
- Inequalities and human rights
- Innovation and transformation
- Governance and accountability.

Among the many areas covered in these themes are Scotland's response to and recovery from the Covid-19 pandemic, climate change and the reform of public services and service delivery. Our dynamic [work programme](#) outlines work planned during 2022/23, including performance audits on social security,

adult mental health, Scotland's financial response to Covid-19, and overviews of the NHS, local government, and college sector.

We will continue to promote counter fraud activity through our audit work and coordinate the National Fraud Initiative work in Scotland. We will publish the latest biennial NFI report during 2022/23.

Best Value audit

We are nearing the completion of a six-year programme of auditing Best Value in Scotland's councils on behalf of the Accounts Commission. In 2022/23, the Accounts Commission will publish the final Best Value Assurance Reports of this programme, on Angus Council, Shetland Islands Council and Comhairle nan Eilean Siar.

From 2022/23, under the [Code of Audit Practice 2021](#), Best Value audit work in councils will be fully integrated with the annual audit and reported through the annual audit reports. The annual audit reports for each council will be reviewed by the Commission, under the cover of a Controller of Audit's report, over the five-year audit appointment.

Quality assurance

Through our Audit Quality Framework and our independent in-house Audit Quality and Assurance unit, we apply rigorous and comprehensive quality assurance to all audit work. It combines the highest professional and ethical standards with comprehensive arrangements for internal and independent external reviews and reporting publicly on our quality performance.

In 2021/22, we designed and implemented a new audit quality improvement action plan in response to review results that were below our standards. This has resulted in improved review scores. However, we recognise some audits are still not meeting our required quality. During 2022/23, we will strengthen our focus on quality improvement and create a new Quality and Innovation business group, led by the new role of Executive Director of Quality and Innovation.

Digital audit

We are implementing our digital audit strategy. This sets out how we will report on digital transformation across the public sector and how we will improve our use of technology in the audit process. To deliver world-class audit, we will:

- use the best available digital tools for all forms of audit
- provide assurance about all public bodies' IT environment on a risk assessed basis
- be able to use a suite of audit tools from any location
- make as much audit data digitally available as possible to the public
- be trusted and transparent about how we use data and digital technology.

Auditing climate change

Tackling climate change is one of the greatest challenges we face. There is consensus that public audit has a role to play in providing independent scrutiny as well as to drive change and improvement to help public bodies achieve Scotland's climate change ambitions. During 2021/22, we have explored and set out our overarching approach to auditing the implication of and response to climate change, and started to integrate it into selected wider audit work. During 2022/23, we will develop our methodology and continue moving towards integrating climate change considerations into all our audit work.

Our work on climate change will also evolve in 2022/23 to:

- reflect the uncertainty and complexity involved in this fast moving and emerging agenda
- work inclusively and regularly engage with stakeholders in Scotland and colleagues in other auditing bodies in the UK
- complement the work of others such as climate change experts and parliamentary committees and use and add value to existing tools and evidence wherever possible rather than introducing new reporting requirements.

Support for parliamentary scrutiny

Public audit plays a crucial role in supporting the Scottish Parliament to scrutinise public spending and services. Our most important relationship with the parliament is with the Public Audit Committee, who we provide with an extensive range of reports. We also contribute to the work of other committees. For example, this can include:

- assisting the Auditor General and the Accounts Commission in giving evidence
- providing reporting to support the Finance and Public Administration Committee in its budget scrutiny role
- appearing ourselves at committee meetings
- responding to committee enquiries.

Mainstreaming equality

Over recent years we have made significant progress in ensuring our audit work addresses equalities and human rights, and in particular the impact Covid-19 has had on existing endemic inequalities in Scotland and the pandemic's disproportionate effects on different communities.

Our audit-focused [equality outcome for 2021-25](#) sets out how we will mainstream equalities considerations in our reporting to inform strategic decision making by public bodies to help ensure they address inequalities and protect human rights. Engaging with our employees, external organisations, and

the public to better understand the inequalities and human rights context helps us focus our work to best effect.

Work to progress this outcome is led by our internal Equality and Human Rights Steering Group, whose membership includes colleagues from across all three business areas. Insights from our external Equality and Human Rights Advisory Group – involving people from a wide range of external stakeholder organisations – help shape our approach to considering equality in our audit work.

Communications and engagement

We will update our [Communications and Engagement Strategy](#) to ensure that we get our messages out effectively and that we reach the diverse range of stakeholders affected by our work. The development work includes:

- core publications
- data and design
- publications and formats
- the wider public sector communications environment in Scotland
- social media.

Being a world-class organisation

Scotland's public services faces unprecedented and significant challenges, and we need to change and grow to ensure we can do the job Scotland needs from us. Through our strategic improvement programme, we are ensuring we have the resources, capacity, and skills for now and the future.

We want to make Audit Scotland a great place to work so that we can attract, retain, and develop the best people, use our resources efficiently and maximise our impact.

Over the past two years, we have been developing and implementing 'Our plan', our strategic improvement programme linking our purpose, the work we do and how we work. Among the key workstreams we will focus on during 2022/23 are:

- reviewing and renewing our organisational priorities and values
- reshaping our leadership so we have the right strategic capacity
- embedding our 'One organisation working' programme to ensure integrated and coordinated joint working across Audit Scotland
- refreshing our people strategy; including our workforce planning, our learning and development, talent management and succession planning
- continuing to develop our new ways of working in a post-pandemic world.

As we implement 'Our plan', we continue to be led by the principles of wellbeing and safety, effectiveness, equity and inclusion, and sustainability.

Our purpose

During 2022/23, we will revise the partnership working framework between the Auditor General, the Accounts Commission and Audit Scotland to ensure it is fit for the future. We will also update [Public audit in Scotland](#) to reflect the collective vision for the Scottish public sector audit landscape.

Following our successful internal engagement programme 'Audit Scotland 2021: shaping the future', we will undertake more organisation-wide consultation and discussion as we agree new organisational values and embed our 'one organisation working' programme.

Building strategic leadership and organisational capacity

Prior to the pandemic, we were building our capacity and skill-mix to ensure we were able to deliver high quality audit work and support services, as Scotland took on significant new devolved powers and the UK prepared for EU withdrawal. Covid-19 has created significant new pressures and increases in public spending. Over the past two years, we have built our capacity both through increasing our audit capacity and through strengthening our specialist functions.

Our priority in 2022/23 is building our leadership and strategic capacity and resilience. We will start by reshaping our executive team (previously management team), including creating a new Executive Director of Quality and Innovation, and recruiting a new Chief Operating Officer and Executive Directors for Audit Services, and Performance Audit and Best Value. We will also be reshaping our audit director and corporate leadership roles and modifying our corporate structure to ensure we have the appropriate focus and resources to support quality and learning & development.

Wellbeing

The wellbeing and safety of our colleagues remains a priority as we move forwards into a future that looks different to what we anticipated just a few years ago. We are continuing to work within the Healthy Working Lives framework to help increase the resilience of our workforce. Our Health, Safety & Wellbeing Group oversees this priority and our health, safety and wellbeing plan includes a range of initiatives for managers and team members throughout the year.

Developing new ways of working

The way we work has changed forever following the pandemic. We have learned to work more flexibly in the ways that best suit us as individuals and in our teams and business. Over the past year, as restrictions have incrementally lifted, we have had a phased reopening of our workplaces. During 2022/23, we will continue developing our ways of working, both through organisation-wide conversations, and in our business groups and teams, to become clearer about how we work in future and what hybrid working means for us.

Workforce planning and development

Our 2022/23 workforce plan reflects that the world of work is changing, accelerated by the pandemic, working across geographically dispersed teams, rapidly embracing digital technology, and engaging with clients and stakeholders in new ways to support remote auditing techniques. It is designed to give us the flexibility, skills and capacity to respond, ensuring we can maintain and improve delivery of high-quality audit and a programme of work that will support effective parliamentary scrutiny.

Alongside audit capacity, strengthening specialist functions and our plans for strategic leadership, our professional graduate training programme is an important part of our resource and succession planning for qualified auditors. It is one of the largest graduate training programmes in the public sector in

Scotland and there are currently 51 trainees in the programme. We have also extended the programme to encourage people who are part-qualified and school leavers with the necessary qualifications to access a career in accountancy and audit. As in many professions currently, we are competing in a challenging market for accounting and auditing professionals. We also run a Modern Apprentice programme to provide opportunities for young people to gain skills and experience in the workplace.

Our learning and development plan focuses on our strategic priorities and the professional, technical, organisational and interpersonal skills required to deliver them. This is underpinned by an extensive programme of learning and development opportunities, which uses different methods of delivery to support our colleagues who are now working in dispersed teams and locations. During 2022/23, we will implement a new learning management system to enhance the learner experience.

Maximising digital technology

It is important that we harness digital technology to support colleagues do their audit work and run the organisation.

Our digital services strategy sets out to provide Audit Scotland with the digital skills and technology to help drive changes in the way we work, particularly in areas such as digital audit, team-working and communications. The strategy has three strategic objectives:

- Enhance our cyber security – we will continue to improve the safety of our online and remote work environments.
- Provide the systems and services for a virtual business – we will ensure all our digital systems and services are resilient and dynamic, independent of location.
- Digital transformation – we will provide the digital tools, skills, and training resource to allow colleagues to work smarter together while working remotely.

In 2022/23, we are strengthening our resilience to cyber-attacks with enhanced backups and a new cyber resilience plan. We will also improve our communication tools with integrated telephony and by upgrading our network speeds with 5G. We are also expanding our support for data analytics, including recruiting two roles to develop more integrated cloud solutions and support a new training and recruitment service.

Diversity and equality

We want to continue to create a culture where people feel valued and where they are treated with equity and fairness. We are continuing to work with colleagues, to share our progress and the work we have done so far on diversity, equality and inclusion.

We are developing an action plan focusing on our internal diversity, equality and inclusion strategy to ensure we can monitor and document our progress in this

area. We want to continue to be proportionate in our approach in relation to the size of our organisation but retain our ambition to be a world-class employer. Our two internally focused equality outcomes are:

- We will increase the diversity of people into Audit Scotland and their progression through every level of our organisation.
- We will broaden our culture of diversity and inclusion, so all employees feel valued, engaged and contribute.

Our People Focus Group oversees diversity and equality within the organisation, in addition to monitoring, reporting on and promoting the diversity of our workforce.

Sustainability

Improving our environmental performance is an important aspect of our ambitions and helps us provide effective leadership in this area to the wider public sector. Since 2014/15, we have reduced our carbon footprint by 52 per cent, and our total emissions equate to less than 1 (tCO₂E) per WTE employee or 0.1 (tCO₂E) per m² of our floorspace. [The Environment, Sustainability and Biodiversity Plan 2021-2025](#) sets our route map to net zero.

Our target is to achieve this by 2030 and our four priority projects are:

- agree the use of offsetting and develop an offsetting strategy
- explore the use of carbon budgets for business groups
- establish methodology for collecting home working emissions data
- introduce climate change training and include as part of the induction process for colleagues.

How we run Audit Scotland

We focus on six main areas and we work hard to make them the best that they can be:

- Independence
- Governance
- People
- Methodology
- Reporting
- Impact.

These areas are reviewed internally and externally and are central to our strategic improvement programme. Our current position and plans for further improvement are covered in more detail throughout this plan and in our strategies, plans and performance reports.

Resources

Our people

Our people are the most valuable resource we have.

Staffing costs amount to 70 per cent of our total budget. After reducing our workforce in recent years, we have increased our capacity so that we can deliver on our increased audit responsibilities arising from the pandemic, new financial powers and fiscal framework, and the transfer of social security payments. We will continue the work carried out over the past three years and we anticipate having 346 whole-time equivalents (WTE) in place by 2023/24.

Our income and expenditure

The Auditor General and the Accounts Commission expect public bodies to manage their finances to the highest standards and achieve the best possible value for public money. They expect the same of Audit Scotland.

Audit Scotland meets its costs from a combination of audit charges to public bodies and funding from the Scottish Parliament through the annual Budget Act. Audit Scotland sets audit fees to recover the costs of local audit work and, where appropriate, a contribution to other audit and support costs. In 2016, we reviewed our approach to funding and fee setting to ensure that it is more transparent and understandable for audited bodies and stakeholders. During

2022/23, our board will review the fees and funding model again as part of the new audit appointments exercise.

Our budget for 2022/23 is £30.6 million. This is a 0.5 per cent decrease in real terms compared with 2021/22.

Our property

During the past six years we have rationalised our office estate. This has ensured we have modern fit-for-purpose offices which support more effective cross-organisational working. This is generating savings of £2.8 million over ten years. As the ways we work change in a post-pandemic world, we will continue to review our property portfolio to ensure it meets our needs and provides value for money.

Our digital systems

High-quality digital resources are essential to our business and are key tools of our trade. Under our digital services strategy, we will achieve our objectives of enhancing our cyber security, supporting a virtual business and digital transformation by investing in:

- our resilience – diversifying and enhancing the robustness of our services to allow us to better recover from potential cyber-attacks
- our future – providing colleagues with flexible high-quality digital devices and services, and by using audit data efficiently and effectively
- our digital capacity – recruiting more highly skilled digital professionals and providing colleagues with the learning and development necessary to support digital transformation.

Governance

We expect high standards of governance of the organisations we audit, and we set high standards for our own governance. We believe that a world-class organisation requires world-class governance arrangements.

The Audit Scotland Board is responsible for the exercise of all Audit Scotland's functions and exercises its authority through a Scheme of Delegation.

The board comprises three independent non-executive members (appointed by the Scottish Commission for Public Audit (SCPA)), the Auditor General and the chair of the Accounts Commission. The chair of the board is a non-executive member and is appointed by the SCPA.

The board has two standing committees, each chaired by non-executive members:

- The Audit Committee oversees the arrangements for audit quality, internal control, risk and corporate governance, internal and external audit, the annual accounts and the Standing Orders, Financial Regulations and Scheme of Delegation.

- The Remuneration and Human Resources Committee sets and reviews the salaries of senior staff (excluding the Auditor General, whose salary is agreed by the Scottish Parliamentary Corporate Body) and the main terms and conditions for all staff. Its other duties include reviewing the measures for assessing the Management Team's performance, recommending Management Team appointments, assessing early retirement requests, and overseeing Audit Scotland's expenses policy.

Internal audit work is carried out by an external firm appointed by the Audit Committee and the external auditor is appointed by the SCPA. Our annual budget, parliamentary funding and annual report and accounts are subject to scrutiny by the SCPA.

The board meets in public and agendas, minutes and meeting papers are available on the [website](#). The web pages also provide additional information about our [board members](#) and [governance arrangements](#).

Planning, performance and risk

Our planning, performance and risk framework is designed to ensure that our strategic objectives are the driving force in our corporate plan, the thematic plans and strategies and our business group plans. These are supported by a range of more operational plans and flow through to the personal objectives for each colleague.

We use a variety of reporting arrangements and a combination of quantitative and qualitative measures to drive improvement and assess how effectively we are delivering our objectives and commitments.

Our [Risk Management Framework](#) helps us to identify the strategic and operational risks we face, and any actions needed to reduce and mitigate them. Our management team and audit committee regularly review our corporate risk register. The key risks for the coming year include ensuring the health, safety and wellbeing of our colleagues, cyber security, audit quality and the capacity to ensure the timely delivery of the audit work to maximise the value of public audit.

Corporate plan

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

www.audit-scotland.gov.uk/accessibility

For the latest news follow us on social media or [subscribe to our email alerts.](#)



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ISBN 978 1 913287 87 0