

Audit scope

Scotland's financial response to Covid-19

ACCOUNTS COMMISSION 

AUDITOR GENERAL 

Prepared by Audit Scotland

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Background

Covid-19 has been the biggest fiscal and policy challenge facing the Scottish public sector over the past two decades since devolution. Since Covid-19 emerged in March 2020, the Scottish Government, councils, NHS boards and other bodies have been spending significant amounts to address the four harms of the pandemic, these are the harm to:

- health directly arising from Covid-19
- indirect health, due to the wider impact on public services
- society
- the economy.

The Scottish Government incurred additional public spending of around £9 billion in 2020/21 and expects to spend at least £5 billion in 2021/22 on the Covid-19 response. Councils, NHS boards and other public bodies may have also spent additional money on their response.

This audit is a review of the public sector's financial response to the Covid -19 pandemic. It will consider the financial management, governance and oversight arrangements in place for public bodies to quickly distribute funding to those that need it.

The audit is part of a series of work through Audit Scotland's Following the Pandemic Pound (FtPP) workstream. It will build on our three tracker papers which have set out details of spending on Covid-19 to date. It will closely link to our overview work on Local Government and the NHS as well as our briefing paper on economic recovery and business support. We anticipate publishing further performance audits on the financial response to Covid-19 in future years. Further information on our work on the pandemic can be found on Audit Scotland's [Covid-19 hub](#).

Why is this audit important?

The amount of spending on the Covid-19 response is unprecedented. It required bodies across the Scottish public sector to work together to quickly distribute funding to those who needed it. It is important to understand on what and how this additional funding was spent and how the Scottish Government, councils and public bodies managed their budgets and the increased risks they faced through the pandemic.

This audit is an important part of accountability for Scottish public bodies. It is part of a series of work which will continue over the next few years as we consider how the Scottish Government and other bodies respond to and recover from the pandemic.

What will the audit look at?

The overall audit question is **how well are the Scottish Government, councils and other public bodies managing the public spending response to Covid-19?**

To answer this question, we will seek to follow the pandemic pound from the UK government to the Scottish Government and on to Scottish public bodies and end recipients. In doing so we will consider the extent of the financial response and how it was managed and monitored.

We will assess:

- How well is available Covid-19 funding flowing through to the public services, organisations and individuals identified as requiring support?
- How effective is decision making and oversight of Covid-19 public spending?
- How effectively are the Scottish Government, councils, NHS boards and other public bodies managing the financial response to Covid-19?
- How clear were the Scottish Government, councils and other public bodies about what Covid-19 public spending was intended to achieve?

How will we carry out this audit?

The audit will use audited financial information from the Scottish Government, councils, NHS boards and public bodies to report on the level and nature of Covid-19 spending in 2020/21. It will build on unaudited information for 2021/22 reported in our Covid-19 trackers including Scottish Government budget information and our monitoring of funding announcements.

We will interview stakeholders in the Scottish Government, COSLA, some councils and some public bodies. We will also review annual audit reports, Scottish Government policy documents and have asked auditors for additional information about the bodies they audit.

This audit is taking place alongside three other streams of work which also consider the response to Covid-19: the local government overview reports, the NHS overview report and a briefing on business support and economic development. We will make use of information gathered and analysed for these reports to inform our judgements as well as sharing related work with them.

We recognise that 2020/21 was an unparalleled year. In the context of a global pandemic which required an immediate financial response, it may not always be possible to meet our normal expectations for governance and financial management, compared to normal times. We will keep in active consideration what is a reasonable expectation given the nature of the situation faced when making audit judgements. These are likely to change depending on the phase of the pandemic we are considering.

What do we want to happen as a result?

The audit will provide an independent assessment of the effectiveness of the management and control of Scotland's financial response to the pandemic. This is important for parliamentary scrutiny and for public accountability.

The Scottish Government, councils, NHS boards and other public bodies are facing a difficult financial outlook as they recover and renew from the Covid-19 pandemic. This audit will identify learning and recommendations as they make the difficult decisions associated with the next phases of the pandemic.

In addition to the Covid-19 pandemic public bodies are also facing several major challenges, such as climate change and inequalities. These require an urgent cross-government approach similar to the Covid-19 response. Understanding and learning from the Covid-19 response will help as public bodies set up the systems and plans to address these challenges.

Our further planned FtPP performance audits planned for future years will continue and build upon the themes and lessons learned through this audit.

Timetable and contact

We will publish the audit report in May 2022. If you have any questions or would like more information about this audit, please contact Ashleigh Madjitey, Audit Manager, on 0131 625 1621 or by email at amadjitey@audit-scotland.gov.uk



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