

Covid-19

Following the pandemic pound: our strategy



 AUDIT SCOTLAND

Prepared by Audit Scotland

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Background

- 1.** Covid-19 is having a significant impact on every aspect of society in Scotland. It has affected individuals and communities, public services and the economy. Alongside public health, the impact on the economy and jobs is the primary area of focus for government.
- 2.** The UK Government has established UK-wide schemes to support the economy and jobs. It has also provided additional money to the Scottish Government which in turn has set up a range of funds to support business generally and specific sectors. Councils and agencies are assessing claims and making payments to individual businesses. In addition, significant amounts of new Covid-19-related funds have been allocated to a range of public bodies (eg, the NHS, universities and courts) to help mitigate the wider impacts of the pandemic.
- 3.** There is public and parliamentary interest in the public money that is available to support business and the wider Covid-19 response, including: its sources, how it has been applied and the oversight of the expenditure. In the longer term, there will be interest in whether the expenditure was effective in achieving its objectives. It is for the Scottish Government, councils and agencies to report on Covid-19 funding and related outcomes. But, audit has an important role in providing independent views on these matters, including promoting timely and transparent Covid-19 funding and expenditure reporting by the Scottish Government and others.

Our strategy for Following the pandemic pound audit work

- 4.** As Scotland's public audit agency, Audit Scotland plans to take a 'whole-system' approach to auditing the allocation and distribution of Scottish Government funds to councils and other public sector bodies (including relevant SG agencies). We refer to this as 'Following the pandemic pound'.
- 5.** The overall aim of our Following the pandemic pound strategy is to enable us to provide overall conclusions to the public and the Scottish Parliament on the level of Covid-related funding that has been allocated to business, communities, and public services. Our work will include commentary and judgements on the actions taken by individual organisations in distributing the funding at a national, sectoral and local level. Given the dynamic and unfolding nature of the pandemic, we will also make use of blogs and briefings alongside audit reports to provide timely audit insights into how public money is being used in response to Covid-19.
- 6.** Our approach will be risk-based and proportionate, applied consistently across audits and delivered in a way which meets agreed national and local reporting requirements.
- 7.** We will use existing planned audit work as the foundation for our Covid-19 funding reporting, but will undertake additional specific targeted work (eg, on financial support for businesses and how enterprise agencies have adapted their arrangements in response to Covid-19) where parliamentary interest (eg, the Scottish Parliament's Public Audit and Post-legislative Scrutiny Committee (PAPLS)) justifies this.

What work will we do?

Audit work and reporting at a national level

8. Through our audit work we will:

- provide analysis and commentary on the Scottish Government's responses to the Covid-19 pandemic through a regular programme of reports to PAPLS
- make use of blogs and briefings alongside audit reports to provide timely audit insights into how public money is being used in response to Covid-19
- report to PAPLS on the Scottish Government's expenditure on Covid-19-related matters through the Auditor General for Scotland's annual s22 report on the Scottish Government's consolidated accounts
- maintain an overview of sectoral responses to Covid-19 and use our programme of NHS and local government overview reporting to explain how Covid-19 funding has been used in those sectors
- prepare a national Following the pandemic pound report which draws on our annual audit work in the Scottish Government and key relevant public bodies (eg, councils and agencies) to provide an overview of total Covid-19 expenditure in Scotland
- develop a longer-term programme of thematic audit reports covering key financial, governance, and wider risks associated with the pandemic as they become clearer. For example, business support
- assess and report on Covid-related funding as part of relevant performance audits.

Audit work and reporting in councils and agencies

9. Through our annual audit work in individual organisations we will:

- establish the Covid-related funding arrangements, the accounting requirements and the amounts involved
- assess the audit risks and, as required, review the financial management arrangements and systems of internal control, including steps to mitigate fraud and error
- assess governance and accountability, including the organisation's plans for reporting its performance in distributing Covid-related funding and other support for business.

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