

# Agenda

10.00 Tuesday 23 January 2024  
Audit Scotland, via Teams



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1. Private meeting of members
  2. Welcome and apologies
  3. Declarations of interest
  4. Items to be taken in private

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## Standing items

- |   |                 |
|---|-----------------|
| 5. Chair's report – verbal update   | For information |
| 6. Accountable Officer's report – verbal update   | For information |
| 7. Accounts Commission Chair's report – verbal update   | For information |
| 8. Review of draft minutes: <ul style="list-style-type: none"><li>• Board meeting: 21 November 2023</li></ul> | For approval    |
| 9. Review of action tracker   | For assurance   |

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## Strategic Priorities

- |   |               |
|---|---------------|
| 10. Strategic Improvement Programme: Update | For assurance |
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## Items to be taken in private

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| 11. Audit Modernisation Project – update<br>[Item to be taken in private to support the effective conduct of business and commercial sensitivity]                  | For assurance  |
| 12. 2024/25 Budget proposal - SCPA Report – Verbal Update<br>[Item to be taken in private to support the effective conduct of business and commercial sensitivity] | For discussion |
| 13. Confidential item – Executive Team recruitment<br>[Item to be taken in private to support the effective conduct of business and commercial sensitivity]        | For approval   |

## Conclusion

**14. Any other business**

For discussion

**15. Review of meeting**

For discussion

**16. Date of next meeting: 27 March 2024**

For information

# Minutes Board



Tuesday 21 November 2023, 10.00am  
Audit Scotland, 102 West Port and Microsoft Teams

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## Present:

Alan Alexander (Chair)  
Colin Crosby  
Stephen Boyle  
Jackie Mann

## Apologies:

Ronnie Hinds, interim Chair, Accounts Commission

## In attendance:

Vicki Bibby, Chief Operating Officer  
Martin Walker, Director of Corporate Support  
John Cornett, Executive Director of Audit Services  
Kenny Oliver, Executive Director of Innovation and Quality  
Antony Clark, Executive Director of Performance Audit and Best Value  
Helena Gray, Controller of Audit  
Ian Metcalfe, Corporate Performance Officer (items 10 and 15)  
Stuart Dennis, Corporate Finance Manager (items 11, 13 and 19)  
Gemma Diamond, Director of Innovation and Transformation (item 15)  
Rebecca Seidel, Senior Manager, Performance Audit and Best Value (item 15)  
Elaine Boyd, Director of Audit Quality and Appointments (item 16 and 17)  
Owen Smith, Senior Manager, Audit Quality and Appointments (item 16)  
John Gilchrist, Manager, Audit Quality and Appointments (items 13 and 21)  
Miranda Nicoll, Executive Assistant Team Leader, Corporate Services (minutes)  
Dr Kate Chamberlain, Chair, Audit Wales (observer)  
Adrian Crompton, Auditor General, Audit Wales (observer)

## 1. Private meeting of Board members

The Board met privately and there were no matters arising.

## 2. Welcome and apologies

*Vicki Bibby, Chief Operating Officer, and Martin Walker, Director of Corporate Support, John Cornett, Executive Director of Audit Services, Kenny Oliver, Executive Director of Innovation, Quality and Antony Clark, Executive Director of Performance Audit and Best Value and Helena Gray, Controller of Audit joined the meeting.*

The Chair welcomed attendees to the meeting, particularly Kate Chamberlain and Adrian Crompton, Audit Wales as observers and introductions were made.

Apologies were noted from Ronnie Hinds, interim Chair, Accounts Commission.

The meeting was quorate in the absence of the Chair of the Accounts Commission as provided for by paragraph 20 of the Standing Orders and the relevant conditions having been met.

### **3. Declarations of interest**

The following declarations of interest were noted:

Colin Crosby in relation to item 18 knows Lord Hardie.

### **4. Items to be taken in private**

The Chair invited members to agree that items 13 to 19 of the agenda be considered in private for the reasons stated on the agenda. The members agreed.

### **5. Chair's report – verbal update**

The Chair advised of regular meetings with Stephen Boyle, Auditor General for Scotland and Accountable Officer and Vicki Bibby, Chief Operating Officer and Ronnie Hinds, interim Chair of the Accounts Commission

In relation to internal engagement, the Chair invited members to note that he spoke at and attended the Annual Audit Planning Conference, attended Kenny Oliver's keynote session and will attend Helena Gray's forthcoming keynote session.

The Chair advised of further useful internal discussions with colleagues regarding Board items of business: audit delivery and performance targets and budget proposals. Thanks were given to colleagues for their work on the budget this year to present to the Scottish Commission for Public Audit (SCPA) on 11 December 2023.

In relation to Accounts Commission engagement, the Chair advised of introductory meetings with Allan Campbell, Secretary to the Accounts Commission, and the four new Accounts Commission members: Angela Leitch, Carol Evans, Mike Neilson and Derek Yule.

In addition, the Chair advised of his attendance at the Audit Committee and Remuneration Committee meetings on 14 November 2023, the former as an observer.

In relation to Parliamentary engagement, the Chair invited members to note an informal meeting with Rt Hon Ken McIntosh (former Presiding Officer), who has been appointed to review performance of parliamentary appointees. Mr McIntosh has also undertaken appraisal interview with the Chair.

In relation to external engagement, the Chair advised of a dinner meeting last night with Kate Chamberlain, Audit Wales Chair and Adrian Crompton, Audit Wales Auditor General.

In terms of forthcoming activities, the Chair advised members of the SCPA session to present the Audit Scotland budget on 11 December 2023.

Following discussion, the Board welcomed the update.

### **6. Accountable Officer's report – verbal update**

Stephen Boyle invited the Board to note his regular engagement with the Chair and the interim Chair of the Accounts Commission.

Stephen advised members of his introductory meetings with three of the four new Accounts Commission members.

In relation to external engagement, Stephen invited the Board to note meeting with the Chair and Audit Wales colleagues yesterday and his regular engagement meeting with Adrian Crompton a couple of weeks ago.

In relation to Parliamentary engagement, Stephen advised the Board of his attendance at Scottish Parliament's Reception for HM Fire Service Inspectorate in Scotland's (HMFSI) 75<sup>th</sup> anniversary event.

Stephen invited members to note his attendance at the Scottish Leaders' Forum (SLF) at COSLA offices in Edinburgh where the focus was on the fiscal challenges Scotland is facing and the need for public service reform.

Stephen advised members of his introductory meeting with Chris Stark, Chief Executive, Climate Change Committee who was complimentary on our approach to auditing climate change.

Further external engagement included a meeting with Professor Graeme Roy, Scottish Fiscal Commission and his regular meeting with Jim Roberston, Chair of SGAAC (Scottish Government Audit and Assurance Committee).

Internally, Stephen invited Board members to note the successful Annual Audit Planning Conference event, the first in person event in 4 years. Thanks were given to Kenny Oliver, Paul O'Brien and colleagues for the delivery of a successful event.

Stephen also advised members of his attendance at Kenny Oliver's and Antony Clark's recent keynote events.

Stephen invited members to note recent publications including the Investing in Scotland's infrastructure briefing, the Scottish Government's workforce challenges briefing and the section 22 report on the Scottish Government Consolidated Accounts.

Following discussion, the Board welcomed the update.

## **7. Accounts Commission Chair's report – verbal update**

Apologies were noted from Ronnie Hinds.

## **8. Review of minutes**

### **Board meeting: 26 September 2023**

The Board noted the minutes of the Board meeting of 26 September 2023, copies of which had been previously circulated.

The Board noted the minutes were an accurate record of the meeting, subject to minor amendments.

### **Audit Committee meeting: 5 September 2023**

The Board noted the minutes of the Audit Committee meeting of 5 September 2023, copies of which had been previously circulated.

The Board noted the minutes were an accurate record of the meeting.

### **Remuneration and Human Resources Committee meeting: 29 August 2023**

The Board noted the minutes of the Remuneration and Human Resources Committee meeting of 29 August 2023, copies of which had been previously circulated.

The Board noted the minutes were an accurate record of the meeting, subject to a minor amendment which has since been updated on the file copy.

## **9. Review of action tracker**

The Board noted and approved the updated action tracker.

## **10. Q2 Corporate Performance Report**

*Ian Metcalfe, Corporate Performance Officer joined the meeting.*

Martin Walker and Ian Metcalfe introduced the Q2 Corporate performance report, copies of which had been previously circulated.

The Board was invited to:

- Review the performance in Q2 as set out below and in appendix 1.
- Consider the issues affecting performance, the actions identified and whether any additional management action is required.

During discussion, the Board noted the financial audit outstanding from 2021/22 was being considered by the relevant committee later this week and Martin highlighted the additional analysis included at paragraphs 9 and 10 relating to audit delays.

During discussion, Martin advised that the Q3 Corporate Performance Report would include more indicators in the dashboard and confirmed the missing figure at slide 27 for the average L&D days per colleague was 0.23 days, reflective of the main focus for staff being audit delivery during Q2.

In relation to audit delays (paragraph 9), the Board noted the various approaches to take are: a strategic approach in improving engagement across sectors (with chief accountants, Directors of Finance etc) with firms present for setting expectations; local engagement leads setting expectations and clarity on those expectations: the content of work and importance of timelines. Work is progressing on this in collaboration from colleagues in I&Q.

In relation to recruitment and selection campaigns, the Board noted challenges for recruiting staff in Audit Services and I&Q and that work is underway with HR to explore new and creative avenues for recruitment.

Following discussion, the Board reviewed the performance in Q2 and were assured by the actions identified around the issues affecting performance.

*Ian Metcalfe left the meeting.*

## 11. Q2 Financial performance report

*Stuart Dennis, Corporate Finance Manager joined the meeting.*

Stuart Dennis introduced the Q2 Financial performance report, copies of which had been previously circulated.

The Board was invited to note the financial results for the six months to 30 September 2023, as reviewed by the Audit Committee on 14 November 2023.

Following discussion, the Board noted the financial results for the six months to 30 September 2023.

*Stuart Dennis left the meeting.*

## 12. Board and committee meetings 2024

Martin Walker introduced Board and committee meetings 2024, copies of which had been previously circulated.

The Board was invited to:

- Note the report
- Consider the options outlined below
- Decide on the venues for the 2024 meetings of the Board/ its committees.

During discussion, members noted 24 September 2024 is the Chair's last Board meeting and will be held in Edinburgh and suggested consideration for the May meeting to be held in Glasgow rather than March.

Following discussion, the Board noted the content of the report, agreed in principle to hold the May Board meeting in Glasgow and consider options for other locations in 2024/25.

**Action ASB223:** *The Board agreed in principle to hold 21 May 2024 Board meeting in Glasgow, subject to works being completed and build in time after the Board meeting for staff to join and meet with Board members. (21 May 2024)*

**Action ASB224:** *The Board agreed to review further options to visit other Audit Scotland office locations in 2024/25, in due course. (November 2024)*

## Items taken in private

### 13. SCPA Budget proposal 2024/25

*Stuart Dennis, Corporate Finance Manager joined the meeting.*

Stuart Dennis introduced SCPA Budget proposal 2024/25, copies of which had been previously circulated.

The Board was invited to:

- discuss, review and provide comment on the draft 2024/25 Budget Proposal
- note the proposed 2023/24 audit fee increase by sector
- discuss the implications of a flat settlement and/ or options for savings should the SCPA not support the proposal
- agree the budget proposal is, subject to agreed amendments, submitted to the SCPA for scrutiny at its meeting on 11 December 2023.

During discussion, the Board was invited to note that colleagues had taken a rigorous approach to budgeting across the organisation, recognising current public finances, planning for the future and noting audit modernisation will likely require further investment.

Following discussion, the Board approved the submission of the budget to the SCPA.

**Action ASB225:** *The 2024/25 budget proposal to be submitted to the SCPA for scrutiny at its meeting on 11 December 2023. (December 2023)*

*Stuart Dennis left the meeting.*

## 14. Partnership Working Framework

Vicki Bibby introduced Partnership Working Framework, copies of which had been previously circulated.

The Board was invited to:

- Approve the Partnership Framework (attached at appendix 1); and
- Note the attached Partnership Working Framework has been approved by the Auditor General and the Accounts Commission.

During discussion, the Board noted the Auditor General and the Accounts Commission had approved the Partnership Working Framework.

Thanks were given to Vicki Bibby and Martin Walker for their work on the Partnership Working Framework.

Following discussion, the Board approved the Partnership Working Framework.

## 15. Environment, Sustainability and Biodiversity Annual Report 2022/23

*Ian Metcalfe, Corporate Performance Officer, Gemma Diamond, Director of Innovation and Transformation and Rebecca Seidel, Senior Manager, Performance Audit and Best Value joined the meeting.*



Gemma Diamond, Rebecca Seidel and Ian Metcalfe introduced Environment, Sustainability and Biodiversity Annual Report 2022/23, copies of which had been previously circulated.

The Board was invited to:

- Approve the Environment, Sustainability and Biodiversity Annual Report 2022/23, for publication on our external website on 29 November 2023.
- Approve the Green Future Strategy, for publication internally.

During discussion, the Board noted that the annual report is a statutory report required to be published annually and includes our approach to auditing climate change. The strategy is forward looking and brings together the organisational and audit approach to climate change. Work is ongoing to review organisational data, how we meet our targets and best practice in targeting offsetting.

In relation to measurement of commuting and working from home, the Board noted various white papers have been produced with methods for calculating this data and a project will be set up to collect this data from staff for future reporting.

During discussions, the Board noted that offsetting is not being introduced at present due to the changing landscape and has been put on hold until more research has been carried out in this area.

In relation to peer reviews, the Board noted that the Green Future Strategic Group has joined the Environmental Managers Forum with the aim for an external peer review process to be in place within the next two years.

Following discussion, the Board approved Environment, Sustainability and Biodiversity Annual Report 2022/23 for publication on our external website on 29 November 2023 and approved the Green Future Strategy for internal publication only.

*Gemma Diamond, Rebecca Seidel and Ian Metcalfe left the meeting.*

## **16. Audit Quality Interim report**

*Elaine Boyd, Director of Audit Quality and Appointments and Owen Smith, Senior Manager, Audit Quality and Appointments joined the meeting.*

Elaine Boyd and Owen Smith introduced Audit Quality Interim report, copies of which had been previously circulated.

The Board was invited to note:

- The good level of compliance of annual audit plans (AAPs) with the 2021 Code of Audit Practice.
- The results to date (1 November 2023) show that 2022/23 financial audit delivery performance of 50 per cent is expected to be at the same level as 2021/22 (51 per cent) once all 2022/23 audits are complete. Improvement is expected for 2023/24 though this area will remain a challenge for auditors for the rest of this five-year appointment cycle. It is recommended that auditors develop a timeline to return to the 95% delivery targets, this should be supported by explanations where there is a deviation from plans.

- Audit delivery performance rates are consistent with the prior year despite the additional challenges arising from the new audit appointments and new Code.
- That AQA recognise that the current delivery KPI needs revision and/or further supporting measures to demonstrate clearly whether the recovery plans put in place by auditors are on track.
- That AQA will work with audit providers to agree consistent additional audit delivery performance measures for all audit providers and that 2022/23 should be the baseline year for measuring yearly performance.
- The welcome creation of a single improvement plan to manage audit quality improvements in Audit Scotland. There is still a risk to the quality of ASG 2022/23 audits as some key improvement actions are not scheduled for completion until March 2024.
- The work done by AQA to monitor audit quality risks emerging from the wider audit profession and how they could impact upon the audit of the Scottish public sector.
- The positive feedback from auditors for ICAEW following an AQA survey of the 2021/22 ICAEW inspections.
- Comment on the report.

During discussion, the Board noted that this report was considered at the Audit Committee on 14 November 2023 and the Quality Improvement Action Plan (item 17) from I&Q provides a rolling quality improvement action plan to support continuous improvement.

Following discussion, the Board noted the report and were given assurance that progress is continuing in the right direction.

*Owen Smith left the meeting.*

## **17. Quality Update**

Kenny Oliver and Elaine Boyd introduced Quality Update, copies of which had been previously circulated.

The Board was invited to note the information provided in this paper and to ask any questions of clarification.

During discussion, members noted that the report provides more information on recent quality monitoring activities and some wider context in the audit profession (paragraphs 11 – 15), highlighting the downward trend in improvement follow up from ICAS reports as a result of shared challenges in recruitment, technology and other factors.

Following discussion, the Board noted the Quality Update and were assured work is progressing in this area.

*Elaine Boyd left the meeting.*

## **18. Edinburgh Trams Inquiry**

Martin Walker introduced a paper on the Edinburgh Trams Inquiry Report as it affects Audit Scotland, copies of which had been previously circulated.

The Board was invited to:

- Note the report.
- Note the next steps set out in paragraphs 28 to 31.

During discussion, members noted that although none of the 24 recommendations are directly related to public audit, it was important that Audit Scotland's approach to public audit fully considered the depth, timing and nature of each audit engagement. The Executive Director of PABV confirmed that Audit Scotland's approach captured these requirements and our Audit Management Framework had been refreshed on several occasions since the audits referred to in the Inquiry Report were undertaken.

Following discussion, the Board noted the report and next steps.

## **19. Edinburgh office development**

*Stuart Dennis, Corporate Finance Manager joined the meeting.*

Stuart Dennis and Martin Walker introduced Edinburgh office development, copies of which had been previously circulated.

The Board was invited to:

- Consider and discuss the 'bronze, silver and gold' layout options and costs for the Edinburgh office development.
- Approve the recommendation to implement the 'bronze' option at a projected cost of £314k, excluding VAT

During discussion, members noted the benefits from the 'bronze' option, especially in relation to costings, disruption to office availability and recommended layout of the office space.

Following discussion, the Board approved the recommendation to implement the 'bronze' option for the Edinburgh office development.

*Stuart Dennis left the meeting.*

## **20. Any other business**

There was no other business for discussion.

## **21. Review of meeting**

The Chair invited members to comment on the papers and the conduct of the meeting.

The members welcomed the quality, content and comprehensive nature of the reports in supporting helpful and detailed discussion.

The Chair thanked everyone for their contributions.

**22. Date of next meeting: 23 January 2024**

The members noted the next meeting of the Audit Scotland Board is scheduled for 23 January 2024.

# Board actions

Tracker 2023

Item 9

Ref	Forum	Agenda item no	Item title	Action description	Meeting date	Due date	Responsible	Assigned to	Complete/ongoing	Reported Yes/No	Progress notes
ASB203	Board	11	Strategic Improvement Programme Review	additional indicative timelines and metrics detail for next report	04/04/2023	01/09/2023	Kenny Oliver	Gemma Diamond	Ongoing		Noted for the next update report due to September Board meeting. Raised again at Sept 23 Board meeting <b>To be included in paper for January Board meeting</b>
ASB223	Board	12	Board and committee meetings 2024	principle to hold 21 May 2024 Board meeting in Glasgow, subject to works being completed and build in time after the board meeting for staff to join and meet with Board members	21/11/2023	21/05/2024	Nicola Constable	Nicola Constable	Ongoing		21/12/23: Keeping on radar for progress on office build.
ASB224	Board	12	Board and committee meetings 2024	The Board agreed to review further options to visit other Audit Scotland office locations in 2024/25 in due course.	21/11/2023	26/11/2024	Martin Walker	Martin Walker	Ongoing		21/12/23: Keeping on radar for new Chair's meeting in 2024.
ASB225	Board	13	SCPA budget proposal 2024/25 report	The 2024/25 budget proposal to be submitted to the SCPA for scrutiny at its meeting on 11 December 2023.	21/11/2023	11/12/2023	Martin Walker	Martin Walker	Complete		11/12/23: Submitted and SCPA session held. Verbal update at January Board meeting.

# Strategic Improvement Programme: Update

Executive Director, Innovation & Quality

Item 10

Meeting date: 23 January 2024

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## Purpose

1. This report updates the Board on progress with the Strategic Improvement Programme (SIP), following the SIP Board meeting in December 2023.

## Recommendations

2. The Board is invited to note the programme update provided in Appendix 1 and the progress made improving the overall project and programme management approach for the SIP.

## Background

3. The purpose of the SIP is to provide a framework for transformational change projects to receive more capacity, scrutiny and direction to ensure that we deliver on our corporate plan strategic priorities and the outcomes in Public Audit in Scotland. The agreed criteria for SIP projects are as follows:
  - The actions and intended outcomes impact more than one business group.
  - The projects intend to deliver transformational change, not just business as usual.
  - Intended outcome will require a significant change in approach, skills, and resources.
  - Intended outcome is critical to the achievement of the corporate plan.
  - Activity can be framed as a project with appropriate measurement criteria.
  - Activity is a SIP board priority.

## SIP programme update

4. At its December 2023 meeting, the SIP Board considered the programme update in Appendix one, noting the following:
  - Two projects are green (Insights and Resource and Management Information) and one is amber (Audit modernisation). The actions required for the Audit modernisation project are related to project resourcing (see slide five) and are being taken forward by the project team. A more detailed update for the Board on the Audit modernisation project is covered under agenda item 11.
  - The project manager recruitment for the Resource and management information project took longer than expected but the project is still assessed as green because this should not impact on the overall aim to deliver the project by summer 2024. The new PM is now in post and is working on a project initiation document (PID) for the March SIP

Board, which will set out a project plan with a defined end date. It has already been agreed we will purchase a new system rather than build one in house and research has already been undertaken on systems available that could meet our needs.

- There is interplay between the slippage in Insights milestones and the resource risk for Insights. It was confirmed that the team has mitigated against the resource risk by rephrasing the deliverables for the project so they are delivered consecutively rather than concurrently, prioritising the highest risk/urgency activities first, but that the overall project can still be delivered within the planned timescales (by July 2025).
5. At its SIP discussions in April and September the Audit Scotland Board noted it would like to see indicative timelines and metrics for SIP projects. Slide five of appendix one sets out target project end dates for each SIP project and the project-by-project slides set out recently completed and upcoming milestones. These inform the RAG status for each project. RAG status descriptions are included on slide 19. By March 2024 we will evolve these descriptions to incorporate an assessment of project spend against budget. As part of developing PIDs, each project is currently establishing project success criteria and this should also be completed by March 2024.

## SIP project management framework

6. The SIP Board also considered progress developing the SIP project management framework, which included:
- Approving a PID template for use with SIP projects. This includes underpinning guidance and templates for project teams on communications and stakeholder engagement, change management, project planning and monitoring, project budgeting, risk management and lessons learned.
  - Noting that all three SIP projects will have PIDs in place by the March 2024 SIP Board meeting. This will allow for increased scrutiny by the SIP Board on the projects, including progress against milestones and spend against budget.
  - Noting the importance of the PID setting out a project budget that includes the cost of people's time. The team confirmed that resource planning and budget utilisation is a key area for development and that the project plan section of the PID sets out that teams need to analyse the resources required, both human and financial, and develop a project budget. All three SIP projects should have project budgets in place by March 2024.

## Conclusion

7. The SIP Board continues to scrutinise SIP projects to ensure they have the capacity and direction required to deliver transformational change. There are currently no significant risks to SIP projects to draw to the attention of the Audit Scotland Board. The SIP programme management team continues to develop the project management framework for SIP projects to improve scrutiny. The next SIP Board meeting is in March and we will bring a further update to the Board in May.

# SIP Board: Programme update

12 December 2023



Page	Contents
3-5	Defining transformational change SIP purpose and criteria SIP projects: status summary
6-10	<b>Audit modernisation</b> <ul style="list-style-type: none"><li>• Goal and objectives</li><li>• Status, progress and upcoming milestones</li><li>• Project risks and resourcing</li></ul>
11-14	<b>Insights</b> <ul style="list-style-type: none"><li>• Goal and objectives</li><li>• Status, progress and upcoming milestones</li><li>• Project risks and resourcing</li></ul>
15-17	<b>Resource and performance information</b> <ul style="list-style-type: none"><li>• Goal and objectives</li><li>• Status, progress and upcoming milestones</li><li>• Project resourcing</li></ul>
18	Interdependencies between projects
19	Description of RAG statuses for SIP projects

“Change that evolves our basic structure – our strategy, culture, structure or processes – and leads to a fundamental shift in how we operate.”



## Why do it?

- To address major concerns, challenges or risks, or take advantage of major opportunities

## What does it look like?

- Sudden and dramatic (like during the Covid-19 pandemic)
- Planned out over a longer period (like audit modernisation)

## **Purpose**

To provide a framework for transformational change projects to receive more capacity, scrutiny and direction to ensure that we deliver on our corporate plan strategic priorities and the outcomes in Public Audit in Scotland.

## **Criteria for SIP projects**

- The actions and intended outcomes impact more than one business group
- The projects intend to deliver transformational change, not just business as usual
- Intended outcome will require a significant change in approach, skills, and resources
- Intended outcome is critical to the achievement of the corporate plan
- Activity can be framed as a project with appropriate measurement criteria
- Activity is a SIP board priority

# SIP projects: Status summary

Project	Status	Target end date	Notes
Audit modernisation	Amber	October 2026	<ul style="list-style-type: none"><li>Progressing and additional management action required:<ul style="list-style-type: none"><li>Agree timing for transfer of 2.0 FTE Band 2As from ASG to I&amp;Q.</li><li>Agree budget for PM in I&amp;Q operational budget for 2024/25.</li></ul></li></ul>
Insights	Green	July 2025	<ul style="list-style-type: none"><li>Some slippage to planned milestones but project plan and risk register have been updated to account for this and no further management action is required.</li></ul>
Resource and management information	Green	Summer 2024	<ul style="list-style-type: none"><li>On target with no additional management action required.</li></ul>

# Audit modernisation: Project goal and objectives

Goal	Objectives
<p>Transformed audit approaches that are:</p> <ul style="list-style-type: none"><li>• clearly defined, risk-based and data driven, to ensure compliance, quality and efficiency.</li><li>• delivered through integrated auditing software and tools that automate and standardise processes.</li><li>• delivered by confident teams and staff with the right skills in the right structure.</li></ul>	<ul style="list-style-type: none"><li>• Refine and refresh our audit approaches so that they are risk-based, high quality, and can be delivered efficiently.</li><li>• Deliver an interoperable suite of supporting software that enables efficient and automated processes, analysis and documentation where appropriate.</li><li>• Develop sustainable and efficient ways of updating our audit approach, software and tools to ensure they remain fit for purpose and future proofed.</li><li>• Develop and deliver a learning and support programme underpinned by change management principles to ensure that our staff are confident and are supported and empowered to deliver new ways of working.</li><li>• Review the skills, capacity and grade mix required to deliver our new approach.</li></ul>

# Audit modernisation:

## Status, progress and upcoming milestones

**Project status:** Amber – Progressing and additional management action required

### Milestones delivered (September to November)

- Delivered planned audit approach improvement projects including updated guidance and programmes, as part of iterative improvement approach.
- Concluded ISA 315 post project implementation review and fed action plan and lessons learned into AMP.
- Continued market research with UK audit agencies and private sector audit firms, including a demo from the NAO on their new software and ongoing discussions about their audit methodology.

### Upcoming milestones (December to March)

- Complete project initiation phase including establishing governance and resource arrangements (December 2023).
- Collect feedback from auditors on Asc to support improvements and inform AMP requirements building process (December 2023).
- Recruit to specialist PM on a short-term basis (December 2023)
- Recruit 2.0 FTE Band 2A colleagues on secondment into I&Q (January 2024).
- Use the Leadership Group's session on the Target Operating Model to help refine the scope for audit modernisation (January 2024).
- Collect feedback from auditors to support requirements building and create an audit approach development and implementation plan (March 2024)
- Complete market research and engagement activities (March 2024)
- Develop outline business case and procurement strategy (March 2024)
- Deliver ongoing developments to our audit approaches, as set out in the quality improvement action plan, including Group accounts audit, Audit sampling, Integrated performance audit framework (April 2024).

# Audit modernisation:

## Risk summary

Summary of risk	Net score	Mitigation and further planned actions
<p>The programme does not have the skills or number of staff to deliver the project, leading to delays in aspects of the programme.</p>	16	<p>Two senior auditors to be recruited on secondment from ASG to I&amp;Q to take forward key aspects of the programme in relation to financial audit approach.</p> <p>Discussions started to find longer-term solution to two secondments from PABV into I&amp;Q due end early in 2024. These roles could play a significant role in audit modernisation.</p> <p>Recruitment for an interim PM role has taken longer than anticipated. PM in place early January.</p>
<p>Digital services do not have capacity to support and deliver what we require causing delays to implementation and go live of software.</p>	16	<p>Digital Services Management Team and data analytics team considering options that will meet future needs.</p>
<p>Existing Pentana software stops being supported or operating effectively, making it unusable and causing delays to audit delivery.</p> <p>Changing backup strategy to incremental backups means it will take longer to restore functionality in a disaster.</p>	15	<p>Digital Services aiming to invest in automated on premise and immutable cloud backups, which will mitigate the risk of Pentana data being destroyed in a ransomware attack.</p> <p>Audit modernisation project will replace current audit system, but extensions to timing of this exacerbates risk.</p> <p>Digital Services continuously monitoring and reducing the size of the archive database to ensure long term sustainability.</p>

# Audit modernisation:

## Risk summary

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We are developing the risk register for the audit modernisation project and are still to set out scores, controls and actions for the following risks:

- Failure to capture the right requirements at the start could lead to changes required during implementation, which could have cost and quality implications and impact on customer satisfaction.
- Failure to procure suitable software due to budget constraints, lack of suitable suppliers or challenges with our terms and conditions could impact on project timescales and budget.
- Failure to deliver the programme within the budget approved by the Board and SCPA could lead to cost and quality issues and would result in reputational damage.
- Failure to manage the contracts with suppliers effectively could lead to cost and quality issues.
- Failure to develop or procure software that is interoperable with other key systems, such as our Data analytics lab, resource management and time recording systems, leads to quality issues and impacts on customer satisfaction.
- The project does not keep pace with rapidly advancing technology including AI, meaning the final solution is not future-proofed.



# Audit modernisation:

## Project resourcing

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### Internal project team in place:

- Senior Responsible Owner and Sponsor – Kenneth Oliver
- Strategic lead – Gemma Diamond
- Project lead – Morag Campsie
- Project manager (interim) – Phil Heywood
- Financial Audit and Performance Audit Approach Senior Managers – Sobhan Afzal and Gill Miller
- Senior Data Analyst - Graeme West
- Digital Service Manager - David McGurk
- Head of Quality - Jonny Steen
- Publications Coordinator - Gillian Allan

### External costs:

- Budget agreed in 2023/24 (£30k from I&Q operational budget) and to be confirmed for 2024/25 (in I&Q operational budget) to support cost of external project manager.
- Future costs of new system / software to be determined through options appraisal at appropriate time.

Goal	Objectives
<p>Deliver coordinated intelligence from impact monitoring and evaluation, stakeholder engagement and horizon scanning to:</p> <ul style="list-style-type: none"><li>• support us to <b>respond with agility</b> to what's coming in the future</li><li>• improve the information we have for <b>decision making</b></li><li>• <b>support continuous improvement and innovation</b> in our audit approach</li><li>• help us <b>promote the value</b> of public audit</li></ul>	<ul style="list-style-type: none"><li>• Design and implement a holistic approach to <b>impact monitoring, evaluation and reporting</b>, covering all our audit work as well as stakeholder perceptions and awareness of public audit.</li><li>• Develop and implement a holistic approach to <b>stakeholder engagement</b>, incorporating the full spectrum of: understanding views and concerns, informing about what we do, consulting on plans and involving stakeholders in design and evaluation.</li><li>• Develop a collective understanding of what we mean by <b>horizon scanning</b> and the value it adds, and review and improve our existing infrastructure for risks and issues monitoring and intelligence sharing.</li></ul>

# Insights:

## Status, progress and upcoming milestones

**Project status:** Green – Some slippage to planned milestones but project plan has been updated to account for this, project can still be delivered within overall planned timescales, and no further management action is required.

### Milestones delivered (September to December)

- Delivered [second six-monthly impact report to AGS and Accounts Commission](#) (October/November).
- Launched impact monitoring and evaluation pilot in ASG, with five impact workshops delivered and a further three planned before the end of January (October).
- Finalised and issued guidance for performance audit teams on following up on recommendations (December).

### Upcoming milestones (December to March)

- Pilot new post-audit review stakeholder feedback mechanisms in PABV (Planned for August 2023, delayed to January 2024 due to resource constraints.)
- Develop project performance monitoring (Planned for October 2023, delayed to December 2023 due to resource constraints).
- Commission annual public opinion survey (January 2024)
- Deliver six-monthly impact report to Public Audit Committee (February 2024 TBC – dependent on clerking team)
- Complete impact monitoring and evaluation pilot in ASG and deliver pilot findings report, including proposals for full roll out of new approach, to ASG MT (March 2024).
- Deliver a workshop to PABV and I&Q colleagues on applying the three horizons model in practice (March 2024)

# Insights:

## Risk summary

Summary of risk and impact	Net score	Mitigation and further planned actions
<p>Failure to secure adequate resource to deliver the objectives of the project.</p> <p>Delaying the impact and stakeholder engagement strands may lead to reputational risk to Audit Scotland if we are not seen to be listening to stakeholders or being accountable for public audit outcomes.</p> <p>Delaying the horizon scanning strand will mean we may miss opportunities to be more efficient and effective in how we share intelligence across the organisation.</p>	15	<p>We have accepted this risk and put measures in place to reduce the impact of it. We have prioritised the resources we have on the impact and stakeholder engagement strands of the project because there is more of a reputational risk attached to these strands.</p> <p>We have paused some less urgent activity around stakeholder engagement and horizon scanning including: Horizon scanning strand scoping; Strategic stakeholder engagement grid; Formal intelligence sharing.</p>
<p>Failure to develop new impact monitoring, evaluation and reporting methodology that is accepted by the audit delivery business groups and can be adequately resourced.</p> <p>We do not adequately measure our impact, including our contribution to public audit outcomes, leading to reputational risk to Audit Scotland, the AGS and the Accounts Commission.</p>	12	<p>We are taking preventative measures through a consultative approach to developing tailored impact MER approaches for PABV and ASG. This includes engaging with business group management teams to consider resource implications through piloting data collection methods and planning full implementation of new approaches.</p>

### Internal project team in place:

- Project sponsor - Kenneth Oliver
- Project lead - Gemma Diamond
- Project manager - Michelle Borland
- Communications team representative - Simon Ebbett
- Data analyst and project logistics - Lynn Conway
- Business group representatives - Gillian Simpson, Amanda Kindness

### External costs:

- We anticipate that the wider evaluation of our impact against public audit outcomes will require some external support from research specialists. The cost of this will be in the range of £30k and this will be split over the 2024/25 and 2025/26 financial years. We flagged this potential ask for 2024/25 through the operational planning process and it was agreed it would be considered as part of the centralised approach to managing consultancy spending.

# Resource and management information:

## Project goal and objectives

Goal	Objectives
<p>To renew the systems that we use for resourcing and reporting on all key aspects in the delivery of our work, specifically the outward facing audit work that we undertake with public sector audit bodies across Scotland.</p>	<ul style="list-style-type: none"><li>• <b>Intended outcome:</b> A new, organisation-wide solution that automates our resourcing and management/performance information reporting processes.</li><li>• Project objectives to be agreed through development of project initiation document.</li></ul>

# Resource and management information:

## Status, progress and upcoming milestones

**Project status:** Green – Some slippage to planned milestones but project plan has been updated to account for this, project can still be delivered within overall planned timescales, and no further management action is required.

### Latest progress (September to December)

- Delivered initial meeting of project team focusing on project scope and project management approach (October 2023)
- Appointed project manager and they are due to start with us early December (December 2023)

### Upcoming milestones (December to March)

- Project initiation document to be developed (March 2024)

# Resource and management information:

## Project resourcing

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- Internal project team in place:
  - Sponsor – John Cornett
  - Business representatives - Fiona Mitchell-Knight, Amanda Kindness, Elaine Boyd, Gillian Simpson, Mark Taylor
  - Technical and corporate representatives - Martin Walker, Stuart Dennis, Nicola Constable, Ian Metcalfe
  - SIP and I&Q link - Michelle Borland
- Budget agreed in 2023/24 (£20k) and 2024/25 (£40k) to support cost of external project manager.
- Future costs of new system / software to be determined through options appraisal at appropriate time.



- Through the development of project PIDs, we have identified the following interdependencies between the SIP projects:
  - **AMP and R&MI** - Most off the shelf auditing software packages include resource management packages. However, the R&MI project is likely to identify a solution before we purchase new auditing software. It is vital that our R&MI project is well-coordinated with the AMP. Any new resource management software will need to be interoperable with existing and future audit software systems. It might be that the future auditing software provides a longer term and more integrated solution for R&MI.
  - **AMP and Insights** – The insights project is dependent on the AMP for improving and automating processes for monitoring and reporting on the impact of our audit recommendations.
- Project PIDs will also identify interdependencies between SIP and non-SIP projects. We will escalate these to SIP Board if they are causing any risks to SIP project delivery.

# Project traffic lighting

Traffic light	Description
Green	<ul style="list-style-type: none"><li>• On target with no additional management action required.</li><li>• Some slippage to planned milestones but project plan has been updated to account for this, project can still be delivered within overall planned timescales, and no further management action is required.</li></ul>
Amber	<ul style="list-style-type: none"><li>• Progressing but with some slippage to planned milestones.</li><li>• Additional management action required.</li></ul>
Red	<ul style="list-style-type: none"><li>• Not progressing with significant slippage to planned milestones.</li><li>• Significant additional management action required.</li></ul>