

Agenda

Monday 22 November 2021 at 10.30am

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

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 minutes: | |
| <ul style="list-style-type: none">• Board meeting: 22 September 2021• Audit Committee meeting: 1 September 2021• Remuneration and Human Resources Committee meeting: 12 May 2021 | For approval |
| 9. Review of action tracker | For information |
| 10. Covid-19 update | For information |

Strategic priorities

- | | |
|--|-----------------|
| 11. Strategic Improvement Programme update | For information |
|--|-----------------|

Business planning, performance and governance

- | | |
|-------------------------------------|-----------------|
| 12. Q2 Financial performance report | For information |
| 13. Q2 Corporate performance report | For information |

Conclusion

- | | |
|------------------------|----------------|
| 14. Any other business | For discussion |
| 15. Review of meeting | For discussion |

16. Date of next meeting

For information

Items to be taken in private

17. 2022/23 Budget proposal

For approval

[Item to be taken in private to support the effective conduct of business, commercial sensitivity and intended for future publication]

18. 2021/22 Spring Budget Revision

For discussion

[Item to be taken in private to support the effective conduct of business, commercial sensitivity and intended for future publication]

19. Scottish Commission for Public Audit update

For approval

[Item to be taken in private as intended for future publication]

20. Draft Audit Scotland International Strategy for 2021-24

For approval

[Item to be taken in private as intended for future publication]

21. Environment, Sustainability and Biodiversity Annual Report 2020/21

For approval

[Item to be taken in private as intended for future publication]

Minutes Board

Wednesday 22 September 2021, 10.00am
Audit Scotland by Video conference

Present:

Alan Alexander (Chair)
Stephen Boyle
Elma Murray
Jackie Mann
Colin Crosby

Apologies:

There were no apologies.

In attendance:

Diane McGiffen, Chief Operating Officer
Martin Walker, Associate Director, Corporate Performance and Risk
Stuart Dennis, Corporate Finance Manager
Gayle Fitzpatrick, Corporate Governance Manager
David Robertson, Digital Services Manager
Elaine Boyd, Associate Director, Audit Quality and Appointments
John Gilchrist, Manager, Audit Quality and Appointments

1. Private meeting of Board members

The Board met privately and there were no matters arising.

2. Welcome and apologies

Diane McGiffen, Chief Operating Officer, Martin Walker, Associate Director, Corporate Performance and Risk, Stuart Dennis, Corporate Finance Officer, Gayle Fitzpatrick, Corporate Governance Manager, joined the meeting.

The Chair welcomed attendees to the meeting and noted there were no apologies.

3. Declarations of interest

There were no declarations of interest.

4. Items to be taken in private

The Chair invited members to agree that the reports at items 22, 23, 24, 25 and 26 of the agenda be considered in private based on the reasons set out on the agenda. The Board agreed.

The Chair advised that the review of the Human Resources and Remuneration Committee minutes at item 8 would also be considered in private.

5. Chair's report – verbal update

The Chair advised members of the first meeting with the Scottish Commission for Public Audit (SCPA) held on 1 September 2021 which considered Audit Scotland's 2020/21 Annual report and accounts.

The Chair invited members to note the evidence session he had attended with the Public Audit Committee of the Northern Ireland Assembly on 7 July 2021.

The Chair highlighted his attendance at the colleagues' drop-in session on Audit Scotland's approach to hybrid working as we emerge from the pandemic and the keynote session led by the Auditor General for Scotland and the Interim Chair of the Accounts Commission with Professor James Mitchell of Edinburgh University on 19 August 2021.

The Chair expressed his thanks to Colin Crosby, the Chair of Audit Scotland's Audit Committee and members for their respective contributions to the Risk Workshop held on 30 August 2021.

The Chair invited members to note that, following the Audit Committee meeting on 1 September 2021, he had received a briefing and update from Elaine Boyd, Associate Director and the Audit Quality and the Appointments (AQA) team on progress of the improvements required for Audit Quality and advised he was satisfied the areas are being addressed. Members noted the Chair will receive regular updates from the AQA team as matters progress.

The Chair recorded his and the Board's congratulations and thanks to the AQA team following the successful issue of the ITT for the procurement of new audit appointments on 6 September 2021.

The Chair informed members of regular meetings with Stephen Boyle, Auditor General for Scotland and Accountable Officer, Elma Murray, Interim Chair of the Accounts Commission and Diane McGiffen, Chief Operating Officer.

The Board welcomed the update.

6. Accountable Officer's report – verbal update

Stephen Boyle invited the Board to note regular engagement with the Chair, Interim Chair of Accounts Commission, a meeting with Jackie Mann and of a forthcoming meeting with Colin Crosby.

Stephen invited members to note his recent internal engagement including How we work sessions with colleagues, co-hosting the keynote session with the Interim Chair of the Accounts Commission and Professor James Mitchell *Tackling inequalities and helping public services recover: What's next for our work?* and of meetings with various teams across the organisation.

Turning to Parliamentary engagement, Stephen invited members to note the significant change in membership to the newly formed committees and advised of introductory

meetings with respective Convenors, together with attendance at the Public Audit Committee business planning day on 25 August 2021. He invited members to note the increased responsibilities and scrutiny of public audit across the parliamentary committees.

Stephen advised members that the first formal session with the SCPA on 1 September 2021 had been useful to meet the members and to give evidence on Audit Scotland's Annual report and accounts to 31 March 2021.

Turning to external engagement, Stephen advised of regular engagement with the respective Auditors' General in the UK and Ireland and attendance at the Scottish Learning Festival on 21 September 2021.

Stephen also expressed his gratitude to the Audit Quality and Appointments team on the successful implementation of the ITT procurement for new audit appointments.

The Board welcomed the update.

7. Accounts Commission Chair's report – verbal update

Elma Murray invited the Board to note she had held regular meetings with the Auditor General for Scotland, the Chief Operating Officer and the Interim Controller of Audit.

Elma advised members that the Accounts Commission had used livestreaming to broadcast three of its public meetings since the last Board meeting and members had welcomed Colin Crosby's attendance to observe their meeting on 9 September 2021.

Elma advised that the Accounts Commission has considered two Best Value Audit Reports, and considered the Improvement Service Covid-19 database and the Audit Scotland Covid-19 dashboard. In addition, she advised that the Commission had signed off the Audit Planning Guidance prior to its consultation, agreed the Commission's five year strategy, which is due to be published this week, and held a private session with the Director of the Wellbeing Alliance.

The members noted the Accounts Commission Committees had also considered a range of business including accounting and auditing development, improving the quality of the audit work as well as the Commission's risk management arrangements, risk register and a thematic discussion on inequalities.

The Board also noted that, at the Mid-Year Strategy session, the Commission had considered its strategy in more detail, considered the increasing demands on members and how to improve efficiency and the most effective use of members' time.

Elma invited the Board to note that the Best Value Working Group had also met to consider progress on the approach to auditing Best Value for Integrated Joint Boards and expressed her thanks to Antony Clark, Interim Controller of Audit, for leading the team in this work.

Elma highlighted recent publications including the Best Value Audit Report for Aberdeen City Council, a recent blog on Digital Exclusion by the Deputy Chair and highlighted responses to a number of consultations including the Minimum Income Guarantee, Ethical Standards Commission's Strategic Plan and BEIS Department for Business and Enterprise Audit proposals and regulations. Elma invited members to note that the Commission will be

publishing the Best Value Audit Report for East Dunbartonshire Council, a Christie blog and interviews with Improvement Service in the coming weeks.

Elma invited members to note her attendance at the evidence session with the Local Government Housing Planning Committee together with introductory meetings with the respective Convenors of this and the Finance and Public Administration Committees.

The Board noted Elma had attended a Covid Recovery Roundtable session hosted by the Deputy First Minister on Sustainable Employment and noted Elma's membership of the Education Reform Stakeholder Group.

Elma advised the Strategic Scrutiny Group had heard from Adam Lang of Nesta about risk and innovation and considered a stocktake on powers in relation to the planned introduction of a new Human Rights Bill. The Board also noted Elma had attended a roundtable with the Scottish Human Rights Committee and scrutiny partners.

Elma invited the Board to note other engagement included meetings with Robert Scott, Chief Fire Inspector, the Strategic Alliance, with Improvement Service and the third Sector, attendance at a third Sector Symposium on the National Care Service and engagement with the Scottish Government on the Public Service Reform and with the new Director for Local Government.

The Board welcomed the update.

8. Review of minutes

Board meeting: 2 June 2021

The Board considered the minutes of the meeting of 2 June 2021, which had been previously circulated.

The Board approved the minutes as an accurate record of the meeting.

Human Resources and Remuneration Committee: 3 March 2021 (*considered in the private section of the Board meeting*)

The Board noted the minutes of the Human Resources and Remuneration Committee meeting of 3 March 2021, which had been previously circulated.

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

Audit Committee: 12 May 2021

The Board noted the minutes of the Audit Committee meeting of 12 May 2021, which had been previously circulated.

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

Audit Committee: 2 June 2021

The Board noted the minutes of the Audit Committee meeting of 2 June 2021, which had been previously circulated.

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

9. Review of action tracker

The Board noted the updates provided on the action tracker.

10. Covid-19 update

Martin Walker introduced the Covid-19 update report, copies of which had been previously circulated.

Martin invited the Board to note the actions taken to date in response to the Covid-19 pandemic, the ongoing developments, and next steps.

During discussion, the Board reflected on the substantial assurance received from Audit Scotland's internal auditor, BDO, on our Covid-19, Health, Safety and Wellbeing response and welcomed the video walkthrough of Audit Scotland's offices which had been made available to all colleagues. The Board members recorded their appreciation of the Business Support Team in supporting this work.

The members welcomed the overall approach and agreed to keep under review the ability to hold future Board meetings in person.

Following discussion, the Board welcomed the update and noted the actions taken to date in response to the Covid-19 pandemic, the ongoing actions and the next steps.

11. Strategic Improvement Programme update

Martin Walker introduced the Strategic Improvement Programme update report, copies of which had been previously circulated.

Martin invited the Board to note the progress reported and next steps.

During discussion, the Board considered the update provided under Delivering World Class Audit and welcomed assurance that in relation to the Digital Audit strategy a robust application of options criteria would be applied in considering whether to 'build or buy' IT systems.

Turning to Being a World Class Organisation, the members highlighted risks around the ability to build capacity as part of Phase 2 of the Building Capacity project in light of scarcer resources for digital or specialist roles in the marketplace. The Board welcomed the proposal to create investigatory capacity in the organisation and were assured of the approach being adopted to attract new employees during this phase.

Following discussion, the Board welcomed the progress reported and next steps.

12. Q1 Financial performance report

Stuart Dennis introduced the Q1 Financial performance report, copies of which had been previously circulated.

Stuart invited the Board to note the financial results for the three months to 30 June 2021 which had been scrutinised by the Audit Committee at its meeting on 1 September 2021.

The Chair invited any comments or queries on the comprehensive report and there being none, the Board noted the financial results for Q1 to 30 June 2021.

13. Q1 Corporate performance report

Martin Walker introduced the Q1 Corporate performance report, copies of which had been previously circulated.

Martin invited the Board to review the performance in quarter one and consider whether any additional management action is required.

During detailed discussion, the Board noted the overall strong performance reported, reflected on the external Delivering World Class Public Audit and internal Being a World Class Organisation areas, recognising these are complimentary corporate objectives.

The Board noted the overall level of communications activity reported and agreed they would like to understand how Audit Scotland can measure the impact and success of social media engagement with the public. The Chair agreed to invite the Communications Manager to comment by way of correspondence.

The members considered the performance dashboard in relation to lower examination pass rates by trainees and received clarification that this is slightly lower when compared to other organisations with work underway to understand the root causes, while recognising the significance of the issues and the small size of the sample. An update will be included in the next corporate performance report scheduled for November 2021.

The members also considered digital capacity and innovation in response to the Covid-19 pandemic and the challenges arising in delivering the audit. The Board noted there is a mixed picture of digital capability and resilience across the public sector and noted a proposed case study was scheduled for publication which would offer learning points and best practice.

Following discussion, the Board welcomed the update.

ACTION ASB149: The Communications Manager to provide information to the Board on the impact and measurement of social media engagement with the public. (November 2021)

14. Annual review of corporate governance policies

Gayle Fitzpatrick introduced the Annual review of corporate governance policies report, copies of which had been previously circulated.

Gayle invited the Board to consider the current Standing Orders, Financial Regulations and Scheme of Delegation and to approve them for a further year and to consider the revised Codes of Conduct and approve them for a further year.

During discussion, the Board noted that the Audit Committee had recommended the policies for approval following a further review by Management Team which had taken place. Martin

Walker invited the Board to note that Management Team considered a review of the Scheme of Delegation and the Financial Regulations on 14 September 2021 and had agreed appropriate provision was contained within the Financial Regulations for any award over £250,000 which is reserved to the Auditor General for Scotland and the Accounts Commission.

The Board noted the update and requested that the Scheme of Delegation be amended to specify the reserved nature of new audit appointments for the avoidance of any doubt.

Following discussion, the Board approved the policies for a further year subject to the agreed amendment with final drafts of the policies to be circulated to members prior to publication.

ACTION ASB150: The Scheme of Delegation to be amended to specify the placing of orders for the New Audit Appointments are reserved to the Auditor General for Scotland and the Accounts Commission. (September 2021)

ACTION ASB151: Final drafts of the policies to be circulated to members prior to publication. (September 2021)

15. Annual policy review of records management policies

Gayle Fitzpatrick introduced the Annual review of records management policies, copies of which had been previously circulated.

Gayle invited the Board to approve Audit Scotland's Records Management Policy for a further year.

The Board considered the proposed minor amendments to the policy and approved Audit Scotland's Records Management Policy for a further year.

16. Annual policy review of Freedom of Information and Environmental Information requests

Gayle Fitzpatrick introduced the Annual policy review of Freedom of Information and Environmental Information requests, copies of which had been previously circulated.

Gayle invited the Board to approve Audit Scotland's Freedom of Information and Environmental Information Policy for a further year.

The Board welcomed recent engagement with colleagues on Audit Scotland's statutory requirements and noted a blog would be shared on International Right to Know Day on 28 September 2021. The members also noted that, while no changes were proposed to the policies at this point, further consideration would be required during the year if any changes were made to the legislation and/or supporting guidance.

Following consideration, the Board approved Audit Scotland's Freedom of Information and Environmental Information Policy for a further year.

17. Information Security Management Policy review

David Robertson introduced the Information Security Management Policy review report, copies of which had been previously circulated.

David invited the Board to consider and approve the proposed amendments to the policy.

Following consideration of the minor amendments proposed, the Board approved the revised Information Security Management policy.

18. Proposed Board and Committee meeting schedule 2022

The Chair invited members to consider the Proposed Board and Committee meeting schedule 2022 report, copies of which had been previously circulated.

Joy Webber provided a verbal update on the proposed meeting dates for the Board and its Committees in 2022.

Following discussion, the Board approved the proposed meeting dates for 2022.

19. Any other business

There was no other business.

20. Review of 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.

21. Date of next meeting: 22 November 2021

The members noted the next meeting of the Audit Scotland Board is scheduled for 22 November 2021.

Items taken in private

22. New audit appointments update

Elaine Boyd, Associate Director, Audit Quality and Appointments, and John Gilchrist, Manager, joined the meeting.

The Chair introduced the New audit appointments update report, copies of which had been previously circulated.

The Chair invited members to note the publication of the Invitation to Tender for the New audit appointments on 6 September 2021 as scheduled and that preparations for the evaluation process are in progress.

During discussion, the members noted the legal advice sought on the tender process and welcomed the early indications of interest in the tender.

The Board recognised and paid tribute to the support and work by the Audit Quality and Appointments team over the past two and a half years.

Following discussion, the Board noted the report.

Elaine Boyd left the meeting.

23. 2022/23 Draft budget proposal

Stuart Dennis introduced the 2022/23 Draft budget proposal report, copies of which had been previously circulated.

Stuart invited the Board to review and discuss the contents of this report and to approve that the assumptions set out in the proposed expenditure budget be used as a basis to develop the budget proposal to the Scottish Commission for Public Audit.

During discussion, the Board considered the draft expenditure proposal for SCF funding, considered the budget assumptions set out and discussed budgeting implications following the procurement of new audit appointments, the ongoing impact of Covid-19 and new quality standards and inflationary pressures.

The Board noted the proposed business planning meeting with the Scottish Commission for Public Audit which would provide an opportunity to discuss the anticipated demands on Audit Scotland's budget.

The members also noted that the UK budget is anticipated to be announced in October but it is currently unclear when the Scottish budget will be announced. In terms of engagement, the Board supported the request for the Accounts Commission to be briefed on the proposed budget prior to its submission to the SCPA and agreed Diane McGiffen and Elma Murray would discuss this further.

Following discussion, the Board noted the budgeting implications and approved that the proposed budget be used as a basis to develop the SCPA budget proposal report for consideration at the Board meeting on 22 November 2021.

ACTION ASB152: Elma Murray and Diane McGiffen to discuss Accounts Commission engagement on the budget development. (October 2021)

ACTION ASB153: A further report with the draft Budget proposal to be scheduled for the Board. (November 2021)

24. Discussion paper – Medium Term Financial Plan

Stuart Dennis introduced the Medium-Term Financial Plan discussion paper, copies of which had been previously circulated.

Stuart invited the Board to consider the potential financial issues over the next five-year period highlighted in the report that will impact on the new version of the Medium-Term Financial Plan (MTFP) 2022/23 to 2026/27.

The Chair invited consideration of this and the following report together given the links between them.

25. Discussion paper – Future funding and fee arrangements

Stuart Dennis introduced the Future funding and fee arrangements discussion paper, copies of which had been previously circulated.

Stuart invited the Board to use the report to inform high level thinking and discussion on potential options on the future funding arrangements of Audit Scotland.

The Chair welcomed the comprehensive reports which considered together supported a discussion on the range of complex issues to be considered.

During detailed discussion, the Board considered and agreed a number of key areas to explore in order to deliver the future financial strategy and stability for Audit Scotland including: the strategy for the organisation over the next five year period, the anticipated changes in the audit profession; commitment to delivering quality, changes to the way that audit work is carried out; uncertainty around the recovery from the pandemic and other external operating and environmental factors; and recognising the increased scrutiny on and value of delivering world class Public Audit in Scotland.

In addition, the Board agreed to consider possible funding options recognising the lack of flexibility of the current funding model, the limitations of the requirement to break even in each financial year, options to streamline invoicing and to develop thinking around engagement on these matters with the SCPA.

Following discussion, the Board welcomed the discussion and agreed to a separate strategic session to be scheduled in November 2021.

ACTION ASB154: A discussion on strategic financial planning to be scheduled in November 2021.

26. Audit Committee risk workshop

Martin Walker introduced the Audit Committee risk workshop report, copies of which had been previously circulated.

Martin invited the Board to discuss the key issues arising from the risk workshop session and to note the follow-on actions noted in the report.

The Board considered the summary of the workshop and welcomed the report as a useful resource document which will help to inform future discussions of the Audit Committee and the Board.

Minutes

Audit Committee



Wednesday 1 September 2021, 10.00am
Microsoft Teams

Present:

Colin Crosby (Chair)
Jackie Mann
Elma Murray, Interim Chair of the Accounts Commission

Apologies:

There were no apologies.

In attendance:

A Alexander, Chair, Audit Scotland Board
S Boyle, Accountable Officer and Auditor General for Scotland
D McGiffen, Chief Operating Officer
C Ridley, BDO
M Walker, Associate Director, Corporate Performance and Risk
G Fitzpatrick, Corporate Governance Manager
S Dennis, Corporate Finance Manager
E Boyd, Associate Director, Audit Quality and Appointments
F Kordiak, Director, Audit Services
A Clark, Interim Director of PABV and Interim Controller of Audit
O Smith, Senior Manager, Audit Quality and Appointments
S Burgess, Assistant HR Manager
D Robertson, Digital Services Manager

1. Private meeting with BDO

A private meeting was held with Audit Committee members and internal auditors, BDO.

2. Welcome and apologies

The Chair opened the meeting, welcomed everyone particularly Chloe Ridley as this was her first meeting, and noted that there were no issues arising from the private meeting.

3. Declarations of interests

There were no declarations of interest.

4. Minutes of the last meeting: 2 June 2021

The Audit Committee members reviewed the minutes of the meeting of 2 June 2021, copies of which had previously been circulated.

The Audit Committee approved the minutes of the previous meeting.

5. Review of action tracker

The Audit Committee members reviewed the action tracker, copies of which had previously been circulated.

The Chair asked if there were any questions or comments, and invited Gayle Fitzpatrick, Corporate Governance Manager to provide any additional updates.

Gayle advised that the tracker has been updated, no action were currently outstanding and that the tracker was for noting.

The Audit Committee members noted the progress on the actions in the tracker.

6. Organisation response to Covid-19

Diane McGiffen, Chief Operating Officer, advised that Audit Scotland's approach to preparing a Covid secure working environment for colleagues was well underway. She advised that a third working preferences survey is currently live, with over 200 responses received in the four days to date. She also advised that drop-in sessions with colleagues around "how we work" have been held and that more are planned. Formal consultation meetings with PCS regarding work arrangements are underway and further meetings are scheduled. Diane advised that the Incident Management Team (IMT) continues to meet weekly and that plans are progressing well over-all.

Martin Walker, Associate Director, Corporate Performance and Risk advised that infection rates continue to be monitored closely and that, based on national statistics, it is estimated that 87% of colleagues will have received their first vaccination and 77% will have received their second.

The Audit Committee members noted the update. Given the stage of the pandemic, the members agreed that going forward the organisational response to Covid-19 be reported by exception. The members welcomed a future consideration of a lessons learned report focussing on how the organisation coped during the pandemic and impact on the organisation.

Diane advised members that the IMT had held a stocktake session and that a further review was planned. She advised that the benefits of the weekly IMT meetings will also be considered.

The Audit Committee noted the Audit Scotland response to Covid-19 update.

Action AC133: Diane McGiffen to schedule a Lessons Learner Review for a future meeting of the Board. (Date tbc)

7. Audit Quality update

Elaine Boyd, Antony Clark, Fiona Kordiak and Owen Smith joined the meeting.

Elaine Boyd, Associate Director, introduced the Audit Quality update report, copies of which had been previously circulated.

Elaine provided an update on the progress in addressing the quality improvement areas identified by the Institute of Chartered Accountants of Scotland (ICAS). Elaine advised that there has been significant amount of work carried out, that a new Quality Assurance team

has been established, a root cause analysis had been undertaken, that a comprehensive action plan is in place and that staff had received additional training.

The Audit Committee members discussed Audit Scotland's capacity to address quality issues. Fiona Kordiak, Director, Audit Services advised that capacity is always a challenge. She advised that a significant amount of recruitment has bolstered Professional Support and the audit teams but that rising demand means capacity will always be an issue. Fiona also advised that discussion around how audit managers spend their time is required and that any capacity issues will be alerted to the Management Team and Board as appropriate.

The Audit Committee members were satisfied with the response and welcomed a further update in the November meeting. Members noted the importance of the Audit Quality and Appointments (AQA) team in making audit quality central to the organisation's priorities.

Elaine advised that ICAS had helped refocussed Audit Scotland's attention on the areas for improvement and how we take this forward.

The Audit Committee noted the audit quality update.

Elaine Boyd, Antony Clark, Fiona Kordiak and Owen Smith left the meeting.

8. Q1 Financial performance report

Stuart Dennis, Corporate Finance Manager, introduced the Q1 financial performance report, copies of which had been previously circulated.

Stuart advised of the variance to budget which was due some audits being slightly behind schedule. He advised that the overall financial position was reasonable with no other additional costs anticipated at this stage. The Audit Committee members discussed income and expenditure for in-house audits and the adjustments to the office portfolio costs.

A discussion took place on the impact of pandemic on working patterns and the office working in the future. Diane McGiffen, Chief Operating Officer, advised that the way we work in future will be closely monitored in terms of the implications on our office estate requirements. She advised that engagement with the Scottish Commission for Public Audit (SCPA) and a strategic review of property requirements would be carried out in the next two years. Travel and subsistence costs were also considered and Diane advised that how we travel will be considered as part of Audit Scotland's ambition to be net zero.

The members discussed the increase in costs for specific councils and Stuart advised that he will share further information following the meeting.

Action AC134: Stuart to provide Audit Committee members with details regarding the additional LG costs. (September 2021)

The Audit Committee noted the Q1 Financial report.

9. Review of risk register

Martin Walker, Associate Director, Corporate Performance and Risk, introduced the Review of risk register report, copies of which had been previously circulated.

Martin advised that the risk profile, and the overall risk assessment was broadly similar to the report presented in June. Martin advised that the risk workshop on Monday 30 August was helpful in informing the next iteration of this report for the November Audit Committee meeting.

The Audit Committee members discussed risk A3, audit quality, and noted that the risk should remain red until the impact of the activity in that area is evident from quality review outcomes.

The members also discussed capacity, risk A2. Martin advised that resource requirements were subject to detailed consideration at the Strategic Improvement Programme Board meetings and that some proposals had been approved, and other proposals were under assessment.

Diane McGiffen, Chief Operating Officer, advised that phase one of building capacity focussed on audit capacity and that phase two will be focussing on the specialist and support services. The members also discussed the capacity of the firms.

The Audit Committee members noted the need for clear markers and milestones to ensure that improvements are being delivered.

The Audit Committee noted the review of the risk register.

10. Internal Audit report: Covid-19, Health Safety and Wellbeing

Susan Burgess, Assistant HR Manager, joined the meeting.

Chloe Ridley, BDO, introduced the internal audit report, copies of which had been previously circulated.

Chloe advised that the Covid Health, Safety and Wellbeing audit provided a substantial level of assurance for both design and operational effectiveness and that the report reflected the hard work of Audit Scotland in supporting colleagues during the pandemic.

Two low risk recommendations have been addressed, one around updating policies and one around risk assessments. Martin Walker, PCS and external Health and Safety advisers will be reviewing the risk assessment before we move into phase two of providing limited access to the offices and that this would provide an opportunity to check on our arrangements.

The Audit Committee noted the internal audit report.

Susan Burgess, Assistant HR Manager, left the meeting

11. Internal Audit progress report

Chloe Ridley, BDO, introduced the internal audit recommendations progress report, copies of which had been previously circulated.

Chloe advised the members of the planned dates of the audits relating to the performance against operational plan.

The Audit Committee members discussed the timing of the review of the Procurement of Audit Firms and agreed that it would be beneficial to bring this date forward if possible. Chloe advised that the first draft would be available before Christmas and the members noted that a special meeting of the Audit Committee may be required to consider the report.

Action AC135: Gayle Fitzpatrick to consider the timing of the Procurement of Audit Firms in consultation with BDO and the AQA team. (September 2021)

The Audit Committee noted the report.

12. Internal Audit recommendations progress report

Gayle Fitzpatrick, Corporate Governance Manager, introduced the internal audit recommendations progress report, copies of which had been previously circulated.

Gayle advised that BDO had made ten recommendations, four have been completed with six in progress.

It was recognised that this represented good progress considering the challenges of the pandemic.

The Audit Committee members discussed the coverage of diversity training in the organisation. Diane McGiffen, Chief Operating Officer advised that training is being driven through the organisation via various forums and events. The Leadership Group have been trained and this is extending out to drop-in sessions and training for managers and other colleagues. Diane advised the members of the various activities underway to support equality and diversity training for colleagues.

The Audit Committee noted the report.

13. Annual review of Corporate governance policies

Gayle Fitzpatrick, Corporate Governance Manager, introduced the annual review of corporate governance policies, copies of which had been previously circulated.

The Audit Committee members recommended that the Standing Orders, Financial Regulations and Codes of Conduct (members and staff) be approved by the Board and agreed that further discussion was required around the Scheme of Delegation.

Action AC136: Management Team to discuss the issues raised in advance of the Board's consideration of the suite of governance documents at its meeting on 22 September 2021. (September 2021).

14. Digital security update

David Robertson, Digital Services Manager, joined the meeting.

David Robertson, Digital Services Manager introduced the digital security update, copies of which had been previously circulated.

David advised of various threats during the last period, some of which were classified as significant. The Audit Committee members noted the report stating it was reassuring,

helpful and sobering. The members recognised that Audit Scotland is as vulnerable as other organisations and is working hard to mitigate cyber security threats.

The Chair advised a future focussed report be brought to the Audit Committee to encourage discussion of the medium to longer term digital challenges, threats and opportunities. It should detail our preparedness for potential future threats in light of the commitment to digital auditing.

The Audit Committee noted the Digital security update.

Action AC137: David Robertson to schedule a report to a future meeting of the committee. (Date tbc)

David Robertson, Digital Services Manager, left the meeting.

15. Data incidents/loss report

Gayle Fitzpatrick, Corporate Governance Manager, introduced the data incidents/loss report, copies of which had been previously circulated.

Gayle highlighted that there was one data incident during quarter one which was minor and did not require reporting to the Information Commissioners Office.

Gayle advised that the data incident referenced in the digital security update (item 14) would be included in quarter two reporting.

Gayle advised members of data protection awareness raising and training in place for the existing and new colleagues that have joined the organisation.

The Audit Committee noted the data incidents/loss report.

16. Proposed Board and Committee meeting schedule for 2022

Diane McGiffen, Chief Operating Officer, introduced the proposed Board and Committee meeting schedule for 2022, copies of which had been previously circulated.

The Audit Committee approved the meeting schedule for 2022.

17. Any other business

There were no items of any other business

18. Review of meeting

The Chair invited those present to comment on the standard of the papers submitted and on the meeting itself.

The Audit Committee members expressed satisfaction with the papers and the focus and pace of the meeting.

19. Date of next meeting

The next meeting of the Audit Committee was scheduled on 10 November 2021, 10.00am via video conference, to be chaired by Colin Crosby.

The Chair thanked everyone for attending the meeting and for their participation.

REF	FORUM	Agenda Item No	Item Title	Action Description	Meeting Date	Due Date	Responsible	Assigned to	Complete/Ongoing	Reported Yes/No	Progress Notes
ASB147	Board	20	Counter Fraud Policy review	David Blattman to review the policy and provide an update to the Board.	02/06/2021	Jul-21	David Blattman	David Blattman	Ongoing	No	The Counter Fraud Policy and the Diversity and Equalities poilycy will come to the Board early in 2022. We are taking legal advice on one aspect of the former and the latter will be informed by the review work currently being undertaking in conjunction with BITC
ASB149	Board	13	Q1 Corporate performance report	The Communications Manager to provide information to the Board on the impact and measurement of social media engagement with the public.	22/09/2021	Jan-22	Simon Ebbett	Simon Ebbett	Ongoing	No	An update to be provided to the Board as part of the next quarter 26 January 2022.
ASB150	Board	14	Annual review of corporate governance policies	The Scheme of Delegation to be amended to specify the placing of orders for the New Audit Appointments are reserved to the Auditor General for Scotland and the Accounts Commission.	22/09/2021	Sep-21	Martin Walker	Gayle Fitzpatrick	Complete	No	Amendments made and documents shared via e-mail 23/09/21.
ASB151	Board	14	Annual review of corporate governance policies	Final drafts of the policies to be circulated to members prior to publication.	22/09/2021	Sep-21	Martin Walker	Gayle Fitzpatrick	Complete	No	Amendments made and documents shared via e-mail 23/09/21.
ASB152	Board	23	2022/23 Draft budget proposal	Elma Murray and Diane McGiffen to discuss Accounts Commission engagement on the budget development.	22/09/2021	Oct-21	Diane McGiffen	Diane McGiffen	Ongoing	No	Discussion scheduled on 18 November and a verbal update will be provided at today's meeting.
ASB153	Board	23	2022/23 Draft budget proposal	A further report with the draft Budget proposal to be scheduled for the Board.	22/09/2021	Nov-21	Stuart Dennis	Stuart Dennis	Complete	No	Budget proposal report on the agenda for today's meeting.
ASB154	Board	25	Discussion paper - Future funding and fee arrangements	A discussion on strategic financial planning to be scheduled in November 2021.	22/09/2021	Nov-21	Diane McGiffen	Stuart Dennis	Complete	No	Strategic workshop discusssion took place on 09/11/21.

Covid-19 update

Associate Director, Corporate Performance and Risk

Purpose

1. This report provides an update on Audit Scotland's response to the Covid-19 pandemic. It summarises the current position and the implications for Audit Scotland as an organisation and for the audit work.
2. The situation remains dynamic and a verbal update will accompany this report as appropriate.

Background

3. The Audit Scotland Board most recently considered a [Covid-19 update report](#) at its meeting on 22 September 2021. Board members continue to receive the weekly updates from the Incident Management Team (IMT).
4. The Covid-19 delta variant remains highly contagious and the combination of this, the relaxation of suppression measures and the return to schools led to a significant increase in the infection rates. In recent weeks the infection rates have levelled off, though there are some indications they may be rising again.
5. The vaccination programme has had a significant effect in mitigating the impact of serious illness, hospitalisation and death rates and the booster programme is now under way.
6. In a [statement](#) in Parliament on 9 September 2021 the Deputy First Minister indicated that further virus suppression measures may be required.
7. Public health experts are predicting further challenges in the weeks and months ahead, both in terms of infections and the pressures on the NHS. There is also speculation that the COP26 conference may also lead to a surge in infections.

Organisational implications and responses

8. We continue to monitor the virus and the changing guidance closely and this is reflected in our organisational response and planning.
9. In June we published our [plan](#) for a phased approach to accessing our workplaces.
 - Phase 1: August – which provided continued access for business-critical activities and access for some colleagues to support health, safety and wellbeing.
 - Phase 2: October – which provided access for specific tasks (including induction, coaching and meetings, and specific tasks which cannot be done remotely).
 - Phase 3: November – which provides access for early stages of hybrid working and access for site visits and on-site work.
10. In early September we [reviewed](#) our approach to working arrangements against the extant [Scottish Government/STUC agreement](#) on working practices and the [BSI Flex 45005 – Safe working guidance](#). The review provided assurance that we comply with the guidance in the vast majority of areas. It also identified a small number of areas that we have

actioned. The review report was considered by the People Focus Group on 20 September and the Partnership Forum on 29 September 2021. At the latter meeting PCS branch members expressed support for the measures in place.

11. In September we launched the '[Accessing our workplaces – what you need to know hub](#)'. This includes a broad range of information and guidance for colleagues on how to access the office, what they can expect and what we expect of them. It also includes access to the desk booking system and 'walk through' videos for each of the offices showing the Covid security arrangements in place.
12. On 12 October 2021 Management Team reviewed the [Covid secure capacity options](#) in advance of the move to phase 3. This review confirmed a careful approach in the early stages of phase 3 and the retention of a two-metre social distancing approach to capacity planning. At that meeting Management Team also approved the [Covid-19 Outbreak Management Plan](#).
13. On 1 November 2021 we moved into phase 3. This provides access for the early stages of hybrid working and access for site visits and on-site audit work.
14. During phase 2 and phase 3 to date demand for access to the offices has been fairly limited, with the largest number of colleagues attending being 10 in any one day. Access to the offices during early November has also been low due to the disruption associated with COP26 and we took the decision to close the Glasgow and Edinburgh offices over the period 5 to 8 November 2021.

Our people

15. From the start of the pandemic, we have prioritised the health, safety and wellbeing of our colleagues. This continues to be a key priority. We have worked hard to support colleagues who are currently all dispersed, working from home and juggling sometimes quite difficult home and work responsibilities. This support has taken a variety of forms, including regular communications and engagement, advice and guidance, access to systems and the provision of digital and office equipment.
16. Since the last update:
 - From the data we have available, since September 2021, fewer than five colleagues have tested positive for Covid-19 and fewer than five colleagues are currently shielding. Fewer than five colleagues are currently absent due to persisting Covid-19 symptoms.
 - The second quarter sickness absence statistics show that the average sick days per employee is 1.55 for Q2 2021-22. This compares to 1.56 days average per employee in the same quarter last year.
 - During October 2021 we saw a 17.8% decrease in the total of absence days taken in 2021 compared to October 2020 mainly due to a decrease in the number of colleagues on long-term sickness absence.
 - Based on the national vaccination statistics as at 10 November 2021 we estimate that 89% of colleagues may have received their first dose, 83% their second and 9% their booster/third jab.
 - An analysis of the time logged by colleagues to the C-19 business continuity time recording codes as at 11 November 2021 tells us that 2,842 days have been logged to

this code since the start of the pandemic in March 2020. This equates to approximately 13 FTE over the 19-month period.

New ways of working

17. Over the course of the pandemic we have undertaken a broad range of engagement and communication with colleagues. This has included pulse surveys, working preference surveys, drop-in sessions with members of Management Team, team meetings and weekly communications from the IMT. This provides a rich source of information to inform the development of our new ways of working.
18. We have adopted a principles-based approach to date, focussing on:
 - wellbeing and safety
 - effectiveness
 - equity and inclusion
 - sustainability.
19. We will continue to use these principles to guide our thinking. As we move into phase 3 of [our workplaces plan](#) we will begin to better understand what hybrid working will mean in practice for individual colleagues, teams and the organisation as a whole. This will be an iterative process and be informed by action learning. The situation remains dynamic and we will need to continue to use a flexible approach as new ways of working develop.
20. We are currently developing a range of tools to support managers and colleagues as we consider the practicalities of new ways of working and we will also need to consider the impact on our policies and procedures and the longer-term consequences on terms and conditions. We will engage with a range of stakeholders and in particular the People Focus Group, the Partnership Forum and PCS.

Digital and office equipment

21. We continue to support people with home working. All colleagues are being provided with laptops, these will be used both remotely and when people access the offices. To date 99% of colleagues have Audit Scotland laptops.
22. We have also issued 439 items of digital equipment to 328 colleagues. These items have mainly been screens, keyboards and mice. The total cost to date has been £28,900.66, an average of £88.11 per colleague who has needed equipment.
23. We have also issued 381 items of office equipment to 300 colleagues. These items have included desks, chairs, footrests, and some items have been issued from existing stock in the offices. The number of requests received each week is now down to one or two items per week and these are for new starts. The total cost to date has been £19,641.15, an average of £65.47 per person who has needed equipment.

Financial management

24. We continue to monitor the financial situation very closely.
25. At the end of the second quarter Audit Scotland's Net Operating Expenditure of £3,701k was £8k (0.2%) better than budget. In-house fee income was £121k (2.8%) worse than

budget and the net position on audits carried out by external firms was £81k (19.9%) better than budget. Expenditure on staff and other costs was £48k (0.4%) better than budget.

- 26.** In terms of the current cash flow position, we invoiced the final fee instalment for the 2020/21 chargeable audits in September. This totalled £6.5 million and did not include the further education (FE) sector. To date we have received payments of £5.2 million leaving an outstanding balance of £1.3 million.
- 27.** On 25 August 2021 the Chair and Accountable Officer wrote to the Scottish Commission for Public Audit (SCPA) to provide an update on Audit Scotland's response to the pandemic and how the additional funds recommended by the Commission were being used. The second update is on the agenda for today's meeting as a separate item.

Audit implications and responses

- 28.** To date we have prioritised our statutory audit obligations and, in consultation with the Auditor General for Scotland and the Accounts Commission, adjusted the focus and timescales for the audit work where we have more discretion. We have also been clear that we will do what is achievable, but that we cannot guarantee all deadlines can be met. This is due to the disruption in audited bodies as well as Audit Scotland. We have also been clear that, while timescales may change, audit quality remains a priority and is even more important at times of significant disruption.

Financial audits 2020/21

- 29.** The submission deadlines and progress on the 2020/21 audits is summarised below:

Sector	Pre pandemic deadline	New deadline	Completion to date
Health	30/06/21	30/09/21	100%
Central Government – Agencies and Scottish Water	30/06/21	30/09/21	68%
Central Government – NDPBs and similar	31/10/21	31/10/21	
Local Government	30/09/21	30/11/21	55%
Colleges	31/12/21	31/12/21	0%

- 30.** There are indications that the process of completing the audit work will remain challenging for some audits during the remainder of 2021 and in some cases into 2022. This is the full first year in which the pandemic will impact on the annual accounts, this brings additional complexity for the audited bodies and for auditors.

Covid-19 audit work

- 31.** Since the last update in September we have published a broad range of material which directly consider or make connections to the pandemic:
- A report on [‘Tracking the impact of Covid-19 on Scotland’s public finances’](#) (15 September).

- A [briefing on the vaccination programme](#) (30 September).
- A thematic study report on the [Impact of Covid-19 on Scottish councils' benefits services](#) (7 October).
- [The 2020/21 audit of NHS National Services Scotland: Response to the Covid-19 pandemic](#) (12 October).
- An update report on [Covid-19 and community empowerment](#) (28 October).

32. These, along with all of our audit reports, are published on the Audit Scotland [website](#).

33. The Auditor General for Scotland and Audit Scotland colleagues have attended parliamentary committees to provide evidence on the reports, a number of which consider/reference Covid-19. This has included sessions on colleges, educational outcomes, children's and adolescent's mental health and sustainable alternatives to custody, the vaccination programme, NHS National Services Scotland and Personal Protective Equipment.

34. Publications in the coming months include:

- reports on skill investment and the sustainability of social care (January 2022)
- the NHS overview report (February 2022)
- financial overview of IJBs (March 2022)
- a briefing on social care (New Year).

Recommendations

35. The Board is invited to:

- note the actions taken to date in response to the Covid-19 pandemic
- note the ongoing actions and next steps.

Strategic Improvement Programme update

Associate Director, Corporate Performance and Risk

Purpose

1. This report provides the Board with an update on the Strategic Improvement Programme (SIP).

Background

2. The Audit Scotland Board approved the Strategic Improvement Programme (SIP) at its meeting on 25 November 2020.
3. The key objectives of the SIP are to:
 - drive our organisational transformation and improvement over the next 18 months
 - provide a bridge between the 'recovery phase' and our new longer-term operating model
 - assure and inspire our colleagues
 - ensure we deliver on our core commitments on audit (quality, focus, methodology and value added)
 - ensure we deliver on our commitments on how we run the organisation – being people focussed by prioritising the health, safety, wellbeing and development of our people, and by being innovative and efficient.
4. The Audit Scotland Board most recently considered an update [report](#) on the SIP at its meeting on 22 September 2021.

Programme milestones and areas of focus

5. We are making good progress on what is an extensive improvement programme.
6. The sections below provide an update on progress in key areas of the SIP since the last update report. A detailed list of the projects in the programme is attached at Appendix 1.

Delivering world class audit – What we do

7. The refreshed **dynamic work programme** was approved by the Auditor General for Scotland and published in May. A broad range of reports, briefings and blogs have been published since then. These are detailed in the Quarter 2 performance report which is also on today's agenda. The next quarterly update report on the programme will be considered by the Auditor General for Scotland and the Accounts Commission in December 2021.
8. We are continuing to develop our audit methodology:
 - Financial audit approach – In July the Audit Approach Programme Board confirmed that the new audit planning tool would be rolled out and the ISA315 concepts would be

applied as scheduled and a year before the required ISA implementation date. It also confirmed that the revised controls approach and the baseline testing pilot would be rescheduled until 2022/23.

- Best value – The proposed approach to scheduling the programme was discussed at the Best Value Working Group (BVWG) in October 2021. The proposal is for Controller of Audit Best Value reports to be reported to the Commission between October 2023 to August 2027.
 - Best value IJBs – The new approach is being piloted and the BVWG is considering pilot reports and the new methodology, which is scheduled to be implemented with effect from 2023. The approach will be considered by the Accounts Commission early in 2022.
 - Less complex bodies – The approach was agreed by the New Audit Appointments Steering Group in August and guidance was published with the Invitation to Tender in September 2021. IAASB consultation has been issued and is scheduled for completion by January 2022.
9. **Audit Quality** – The Audit Quality Assurance programme includes a 15-point action plan, 11 actions of which are now complete. The Audit Quality Committee considered an [update report](#) at its meeting on 28 October 2021 and the Audit Committee considered the [Interim Quality Report](#) at its meeting on 10 November 2021.
 10. The internal hot reviews are progressing and are due to be complete by the end of November and the cold review programme will commence in December 2021.
 11. A new working group has been established to take forward the implementation of the new quality management standards (which replace ISQC 1). The new standards will affect the whole organisation. The priority will be to ensure our policies and procedures are updated, where required, to reflect the key components of ISQM1 which requests organisations to establish a system of quality management by December 2022.
 12. **New audit appointments** – The tender process is progressing to schedule. The Invitation to Tender (ITT) was published on 6 September 2021 and the team have been responding to queries from potential bidders. The ITT closes in November and contract awards are expected to be made in February 2022. The New Audit Appointments Steering Group next meets on 25 November 2021.
 13. **Digital audit strategy** – The SIP board considered an [update](#) on this project at its meeting on 31 August 2021. This included information on the status of the external and internal development work on the digital audit tools and future milestones including consideration of a business case (December) and a ‘build or buy’ decision (March 2022). The update also provided a timeline for the development for a new approach to IT audit. The proposed approach, including draft audit programmes, was considered by the SIP Board at its meeting on 2 November 2021.
 14. **Electronic Working Papers (EWP)** – At its meeting on 31 August 2021 the SIP Board agreed the [outline scope](#) for this project, confirming that this project be prioritised and resourced accordingly.
 15. **Diversity and Equalities** – The Human Rights Based Approach organisational self-assessment exercises commenced in October and four workshops have been held to date. The two workshops for Audit Services Group (ASG) colleagues have been rescheduled to

January 2022 in light of the pressures around the financial audit work and the results from the self-assessment exercise are expected in March 2022.

16. The Audit Scotland Annual Diversity and Equalities report is due to be published in November 2021. We have also been working with Business in the Community (BITC) who have been undertaking a holistic review of our approach to equalities and diversity. This review has looked at our policies, procedures and culture across the organisation and the results of the review are expected to be considered in full during January 2022 by Management Team and the Human Resources and Organisational Development (HR & OD) team.
17. **Auditing climate change** – We published an [update report](#) on 21 October 2021 summarising the roundtable discussion from July, stating our audit position and Audit Scotland's next steps for climate change. An output is planned following COP26 to summarise recommendations, areas for improvement and implications for national and local government. A pilot of climate change reporting within an annual audit report will take place in the first half of 2022.

Being a world class organisation – How we work

18. **Learning and development** – The refreshed learning and development plan was [published](#) on 15 October 2021.
19. **Building capacity** – The second phase of the building capacity project focussed on building capacity in some specialist and support services and on investing in improvement. Over the course of August to October 2021, Management Team considered, assessed and agreed proposals on additional roles and positions and areas where external consultancy support would be required. The recruitment and selection process for the new positions is now under way.
20. **One Organisation deployment** – A project team has been established and some initial scoping has taken place. This project is currently on hold to prioritise the delivery of the core audit work and we are looking at external consultancy support as a way to progress the project.
21. **Our workplaces** – In June we published our [plan](#) for a phased approach to accessing our workplaces. During September and October we reviewed our arrangements against the most up-to-date guidance and best practice, agreed an Outbreak Management Plan, reviewed office capacity using a range of social distancing options, launched a booking system and an information hub with guidance for colleagues and engaged with the People Focus Group, the Partnership Forum and colleagues across the organisation.
22. On 1 November 2021 we moved into Phase 3. This provides access for the early stages of hybrid working and access for site visits and on-site audit work. More detailed information is available in the Covid-19 update report which is also on the agenda for today's meeting.
23. **Medium term financial strategy** – The Audit Scotland Board considered discussion papers on the Medium-Term Financial Plan and the Fees and Funding Strategy at its meeting on 22 September 2021. The Board held a strategic planning workshop session on 9 November 2021. This will inform the 2022/23 budget process and longer-term planning.
24. **Business Management System** – A contract has been signed and the system set-up is under way. The payroll module is scheduled to go live in February 2022 including a period of testing and parallel running over the course of November 2021 to January 2022.

- 25. Green future** (Environment, sustainability and biodiversity) – Our draft Environment, Sustainability and Biodiversity Annual Report is on the agenda for today’s meeting. It will be published by 30 November 2021.

Our purpose

- 26. Public Audit in Scotland and the Partnership Working Framework** – Scoping work is under way for the development of a refreshed Public Audit in Scotland and the Partnership Framework. The corporate plan and business plans also form part of this workstream. Management Team considered [development options](#) at its meeting on 14 September 2021 and the target deadlines dates are: Business Plans (January 2022), Partnership Framework (March 2022), Corporate Plan (March 2022) and Public Audit in Scotland (August 2022). A project team is now in place and we intend to have discussions with the Auditor General for Scotland and the Accounts Commission in November/December to agree the engagement process.

Programme communications and engagement

- 27.** The [Our Plan Sharepoint site](#) has been updated as appropriate.
- 28.** At its meeting on 2 September 2021 the SIP Board considered an [update report](#) on the Audit Scotland 2021 engagement programme. This highlighted the broad range of events which have taken place over recent weeks, including:
- Keynote events (including the role of audit, communities and the third sector in recovery and radical thinking).
 - Insight events (including the new audit products, human rights and audit, data analytics, health and wellbeing/fitness sessions, the barriers to change in Scotland’s justice system, leadership in the pandemic and understanding LGBTQ+ issues in the workplace).
 - Perspectives (including blogs on introducing a human rights-based approach to our work, how the third sector supports vulnerable people, freedom of information, moving to net zero, the Venture Trust and reflections on the audit profession).
- 29.** Upcoming events include:
- Keynote events in November, December and January hosted by members of Management Team.
 - Insight sessions on climate change, providing support in a pandemic (MND and children, carers and support services) and further health and wellbeing sessions.
 - Perspectives activity including communications, carers and digital techniques.

Programme governance and reporting

- 30.** The SIP Programme Board is responsible for the oversight and delivery of the Strategic Improvement Programme and is comprised of members of Management Team.
- 31.** The SIP Programme Board met most recently on 2 November 2021. At that meeting it considered update reports on the programme overall, the approach to auditing IT under ISA315 and the Audit Scotland 2021 engagement programme.

- 32.** SIP-related business also takes place at Management Team to ensure that timely progress is being made and project reports and updates feature regularly on the Management Team agenda.
- 33.** We submitted the first update to the Scottish Commission for Public Audit (SCPA) on 25 August 2021 and the SIP featured in discussions during the SCPA's evidence session on the Annual Report and Accounts 2020/21 on 1 September 2021. A draft of the second SCPA update letter is on the agenda for today's meeting.

Recommendations

- 34.** The Board is invited to note the progress update on the SIP and next steps.

SIP Project summary

 What we do	 How we work	 Our purpose
<ul style="list-style-type: none"> • New dynamic work programme • Code of Audit Practice • New audit appointments • Audit approach (including financial audit approach, BV in LG, BV in IJBs, less complex bodies, following the pandemic pound and auditing climate change) • Digital Audit • Audit quality action plan • Electronic working papers • Diversity & equality • Parliamentary engagement 	<ul style="list-style-type: none"> • People strategy (inc workforce plan and learning and development offer) • Building capacity • One organisational deployment • Medium term financial strategy (including fees and funding) • Our workplaces (Covid-secure and longer-term office strategy) • Digital services strategy • Business Management System • Green future • Shaping our future (Audit Scotland 2021) engagement 	<ul style="list-style-type: none"> • Public audit in Scotland • Partnership Framework • Corporate Plan • Business Plans

Q2 Financial performance report

Corporate Finance Manager

Item 12
Meeting date: 22 November 2021

Purpose

1. This report presents the financial results for the six months to 30 September 2021.

Background

2. The detailed finance performance report for the six months to 30 September is provided in Appendix 1 to this paper.
3. The report was discussed by Management Team on 26 October 2021.

Discussion

4. At the end of the second quarter of the 2021/22 financial year Audit Scotland's Net Operating Expenditure was £3,701k which was £8k (0.2%) better than budget.
5. In-house income for 2020-21 audits was in total £121k (2.8%) worse than budget with a negative volume variance of £134k and a positive price variance of £13k.
6. Fee income earned for 2020-21 audits carried out by external firms net of fees and expenses paid to the firms was £81k (19.9%) better than budget. Income recognition was £183k better than budget with fees and expenses payable to the external firms being £102k worse than budget.
7. Staff costs including agency expenditure was £88k (0.9%) better than budget.
8. Other expenditure £40k (2.6%) worse than budget. The main positive variances were recorded in travel and subsistence (£37k) and property costs (£27k). The main adverse variances appear in information technology (£71k), recruitment (£18k) and training (£16k).
9. The detailed variance analysis and explanation is provided in Appendix 1 attached to this report. Appendix 1 also includes a section on the allocation of management contingency and the key financial risks that will need to be managed in 2021/22.

Virement

10. There were no instances of budget virement in excess of £20k in the six months to 30 September 2021.

Recommendation

11. The Board is invited to note the financial results for the six months to 30 September 2021.

Headline Results

The summary financial position to 30 September 2021:

£000	Annual Budget	Actual	Budget	Var.	% Var.	Prior Year	Note
Fee Income - In House	7,975	4,187	4,308	(121)	-2.8%	3,950	1
Fee Income - Audit Firms	5,118	3,591	3,408	183	5.4%	2,962	2
Central Charges	5,644	2,822	2,822	0	0.0%	2,823	
Rebate	0	0	0	0	-	0	
Interest	0	0	0	0	-	1	
Other Income	0	1	0	1	-	1	
IAS 19 Income	0	0	0	0	-	0	
TOTAL INCOME	18,737	10,601	10,538	63	0.6%	9,737	
Approved auditors	4,553	3,102	3,000	(102)	-3.4%	2,575	2
Staff salaries and oncosts	19,903	9,499	9,625	126	1.3%	8,754	3
Payroll provisions incl. severance	269	0	0	0	-	0	
Agency and secondment costs	75	92	54	(38)	-70.4%	178	3
IAS 19 Pension costs	100	0	0	0	-	0	
Property costs	984	403	430	27	6.3%	425	
Travel and subsistence	719	149	186	37	19.9%	170	4
Legal, professional and consultancy	652	179	192	13	6.8%	206	
Training	483	155	139	(16)	-11.5%	109	5
Recruitment	138	88	70	(18)	-25.7%	75	5
Printing and office costs	236	104	98	(6)	-6.1%	76	
Information technology	522	326	255	(71)	-27.8%	259	6
Audit	60	32	30	(2)	-6.7%	37	
Depreciation	279	150	139	(11)	-7.9%	173	
Other costs	578	23	29	6	20.7%	21	7
EXPENDITURE	29,551	14,302	14,247	(55)	-0.4%	13,058	
NET OPERATING (EXPENDITURE)	(10,814)	(3,701)	(3,709)	8	0.2%	(3,321)	

Funded by Scottish Consolidated Fund 10,814 3,701 3,709 (8) 3,321

Income and Expenditure Summary

1. Fee Income – In House

Variances arise in fee income as a result of volume and price differences. Volume variances occur when audit work is carried out at different times and/or durations than planned. Price variances reflect the difference in actual fees to expected fees originally budgeted and is based on additional work undertaken and agreed with the audited body.

The table below shows the performance by sector as at 30 September 2021 for in-house audits:

Sector	2020/21 Audit Year		Price	Prior Years	Total
	Volume				
	WIP %	£	£	£	£
Local Government	-0.82	-38	+50	-	+12
Health	-5.77	-88	+17	-	-71
FE	-18.22	-9	-	-	-9
Central Government	+3.04	+33	-42	-	-9
Non-statutory	-5.19	-32	-12	-	-44
Total – Sept 20	-1.55	-134	+13	-	-121

Local Government

Local Government audits are 0.82% behind budget leading to an adverse volume variance of £38k. The positive price variance of £50k is due to increased fees being applied to local government bodies with the most significant increases being applied to Aberdeenshire Council, Angus Council, Fife Council and Scottish Borders Council. The principle reason for the increase in fees is due to the additional audit work required for charitable trust accounts. Audit sign off for the majority of the local government sector is expected by the end of November though we need to plan for the possibility that a small number of bodies could experience a delay. The situation continues to be closely monitored.

Health

Overall health audits are 5.77% behind the re-profiled budget leading to a negative volume variance of £88k. The positive price variance is due to an increase in the fee for NHS Tayside and NHS National Services Scotland. The expected audit sign off of the health sector was planned for the end of September and 50% of the health audits achieved this target with the remainder expected to complete in October.

Further Education (FE)

ASG undertake 2 FE audits, Dundee & Angus College and Edinburgh College. Progress on 20/21 audits is currently behind plan but we expect to meet the final sign off of these audits to our target deadline of the end of December.

Central Government

Central Government chargeable audits are 3.04% ahead of plan leading to a positive volume variance of £33k. Within this sector it is a mixed picture with some audits complete and others behind planned trajectory. The negative price variance is due the agreed fee for a new body, South of Scotland Enterprise, being less than the original expected fee. Current planning assumptions are based on an expected audit sign off for this sector by the end of November.

Non-statutory

The European Agricultural Fund Account (EAFA) audit is behind schedule by 5.19% leading to a volume variance of £32k. The price variance is due to an adjustment in the agreed fee following fee discussions with the National Audit Office on the audit work required. Initial planning for the next audit cycle indicates that the fee level could reduce by £160k.

2. Fee income and expenditure – Audit Firms

The positive income variance of £183k is reduced by the negative expenditure variance of £102k for approved auditors. Effectively this approach highlights a net favourable variance of £81k on chargeable audits.

Audit firms can negotiate fee increases within set parameters above expected fees with audited bodies. Primarily increases in fees will relate to increased complexity and additional work undertaken for which the audited body has agreed to pay an additional fee.

The table, below, shows the performance for approved auditors by sector to 30 September 2021:

Sector	2020/21 Audit Year		Prior Year	Total
	Volume	Price	Price	
	WIP %	£	£	£
Local Government	-1.52	-44	+118	+74
Health	-0.42	-5	+50	+45
Water	-	-	-	-
FE	-32.80	-148	+19	-90
Central Government	+6.03	+27	+127	+154
Total – Sept 20	-3.86	-170	+314	+39

Local Government

Audits on the local government sector are 1.52% behind estimated plan leading to an adverse volume variance of £44k. Audit firms have agreed fees above expected fees leading to a price variance recognition of £118k with the most significant increases being applied to Aberdeen City Council, Highland Council, City of Edinburgh Council

and West Lothian Council. The increases relate to charitable trust audit work as well as additional risk management and assurance work.

Health

Health audit completion is 0.42% behind trajectory generating a minor negative volume variance of £5k. There is a £50k price variance due to agreed fees being higher than expected with the main increases being applied to Public Health Scotland and NHS Lothian.

Water

The 2020/21 audit is complete.

Further Education (FE)

Progress on 2020/21 audits is 32.80% behind schedule leading to a negative volume variance of £148k which is being reduced by a positive price variance of £19k. The prior year audit income of £39k relates to the final agreed settlement fees for completion of the 2019/20 audits with the main increases applying to Inverness College, Lews Castle College, North East Scotland College and Perth College.

Central Government

Central government audits are 6.03% ahead of schedule leading to a positive volume variance of £27k. The £127k price variance is due a new public sector body, Scottish National Investment Bank, requiring audit for an agreed unplanned fee of £84k and there has also been a number of agreed fee increases for other bodies in the sector. The largest increases relate to Scottish Canals, Bord na Gaidhlig and Commissioner for Ethical Standards in Public Life in Scotland.

3. Staff & Agency Costs

Business Group	Annual Budget £000	Actual £000	Budget £000	Variance £000	Actual Average w.t.e.	Average Budget w.t.e.	Note
ASG staff costs	10,601	4,986	5,037	51	168.1	171.1	a)
ASG agency & secondments	75	61	54	(7)			
PABV staff costs	5,139	2,393	2,536	143	78.8	81.3	b)
PABV agency & secondments	0	0	0	0			
CSG staff costs	2,292	1,188	1,140	(48)	38.9	36.1	c)
CSG agency & secondments	0	31	0	(31)			
Business Support staff costs	755	394	377	(17)	20.0	18.8	d)
Business Support agency & secondments	0	0	0	0			
Governance & Other staff costs	1,485	538	535	(3)	5.1	5.0	e)
Governance & Other agency & secondments	0	0	0	0			
Total staff costs	20,272	9,499	9,625	126	310.9	312.3	
Total agency & secondments	75	92	54	(38)			

- a) There is an underspend (£51k) year to date with the in-year establishment increase of 22 being funded from the new financial powers budget allocation and the contingency increase approved as part of our 2021/22 budget submission. There will be a further increase in the next quarter as we look to fill specialist resource requirements and additional budget will be allocated to cover this expenditure commitment.

Agency costs are slightly over budget and it is projected that we will be on budget this financial year as we have increased our permanent staff numbers to meet audit work demands and implement a recovery plan. However, this is

subject to change should resource requirements identify a particular pressure (e.g. increase in sickness, leavers). Some agency staff charged at the start of the year were successful in applying for permanent positions within Audit Scotland.

- b) PABV underspend is due the staggered start dates in May and June of new staff members following the building capacity recruitment campaign and also some vacancies arising during quarter 2 as staff leave Audit Scotland. An additional 6 posts were identified as part of the building capacity programme and in addition to these posts there was also a number of vacant positions that PABV looked to fill as part of the overall recruitment exercise. The next recruitment phase will focus on further additions to establishment as we look to recruit specialist posts (e.g. digital audit) and also aim to fill the current vacancies in established posts.
- c) The average staff resource requirement in CSG has been higher than budgeted w.t.e. due to the provision of cover for maternity leave (2 posts) and a secondment from PABV of a temporary project manager in Audit Quality and Appointments (AQA). The AQA post is being funded from savings generated in professional fees. Additional resources have been approved in Digital Services, Communications and HR (1 w.t.e. in each) to meet increased demand. This will be funded through the ring-fenced contingency and a budget adjustment will take place to meet the increased costs from the next quarter.

Agency costs relate to temporary HR Advisors as short-term backfill for leavers in the HR department.
- d) Business support variance is due to the extension of a fixed term contract and the approval for additional resources in Business support as part of phase 2 of the building capacity programme. Additional budget will be allocated from contingency to meet the increase in cost with the projected year-end outturn being within the revised budget.
- e) The expenditure in Governance & Other is slightly more than budget as we incurred in April the additional part month costs of the outgoing Director of PABV and Controller of Audit.

4. Travel and subsistence

We are incurring very little travel and subsistence expenditure as we continue to adopt recommended guidance to work from home and deliver audit remotely. The primary reason for the current underspend in this expenditure heading is due to reduced car lease expenditure. The underspend is attributable to mileage credits on return of vehicles to the lessor and members of the scheme leaving/retiring from Audit Scotland with there being no further obligation in respect of the lease car.

5. Training and Recruitment

Training overspend of £16k is due to expenditure on personal development training being ahead of plan and this will correct itself as we progress through the year, with the forecast outturn being within the budget allocation.

The overspend on recruitment is attributable to agency placement fees for agency temp auditors and human resources staff. As we look to continue to build capacity in specialist positions and meet ongoing recruitment demands it is possible that the full year budget might not be sufficient. There is flexibility from savings (e.g. travel and subsistence) and management contingency to enable us to meet any potential overspend.

6. Information technology

The overspend is attributable to IT hardware purchases and software licences. IT hardware expenditure has been incurred to make the workstations in our offices fit for purpose as we look to implement a phased return to limited capacity office working. With the increase in the number of employees we need to ensure that we have sufficient Microsoft and mki licences to enable staff to work remotely in a safe and effective IT environment. This is a financial pressure that will be funded from savings in other budgets this financial year but future budgets will need to increase to reflect this increase in demand.

7. Other costs

The main reason for the underspend in other costs is reduced expenditure on occupational health requirements.

Contingency and Financial risks

The 2021/22 budget includes a contingency allocation of £2 million which is controlled by the Management Team (MT). The budget has earmarked £1.5 million for the Strategic Improvement Programme (SIP) with the balance of £0.5 million being set aside to meet any unforeseen financial pressures that may arise during the year.

As at the end of September MT approvals have committed all of the £1.5 million on a full year cost basis. The use of this additional funding has enabled us to build sufficient capacity to deliver our core objectives as outlined in our budget submission to the SCPA.

Key financial risks still need to be managed as the environment we are operating in remains extremely uncertain. These include:

- Audit recovery plan and closing work in progress at 31 March 2022
- Additional costs to deliver audit (implications on audit of additional Covid-19 funding)
- Resource availability to meet audit demand
- Impact on firms' costs
- Inflationary pressures
- Recruitment market conditions (competition and quality of candidates)
- Pension year-end accounting adjustments

The long-term financial issues to be considered as part of our 2022/23 budget proposal to the SCPA and also our Medium-Term Financial Planning include:

- SCPA continue to support funding increase
- Impact of firms' procurement exercise
- Review of fees and funding model
- Resourcing pressures and additional cost of audit
- Pension fund pressures
- Auditing post Covid-19 (onsite, remote, hybrid)
- Carbon emission targets

- EAFA audit
- Inflationary pressures
- Pay award uncertainty

Capital Expenditure and Funding

The capital budget for 2022/23 increased from £150k to £250k with our capital programme focusing on office re-configuration to provide a Covid secure environment and new IT hardware and software. The total capital expenditure year to date is £153k with IT hardware purchases totaling £102k (laptops and other IT equipment) and £51k of IT software purchases (business management system).

Stuart Dennis

Corporate Finance Manager
26 October 2021

Q2 Corporate performance report

Associate Director, Corporate Performance and Risk

Purpose

1. This report provides the Board with a review of organisational performance in quarter two (Q2) 2021/22.

Background

2. The performance information is reported under the two strategic objectives of 'delivering world class public audit' and 'being a world class organisation' in line with the corporate plan.
 - Appendix 1 provides a summary of performance for each strategic objective.
 - Appendix 2 provides the detailed performance information.
3. This report was considered by Management Team at its meeting on 9 November 2021.

Q2 performance summary

4. The following objectives are 'amber'. This is defined as 'progressing and additional management action planned'.
 - We conduct relevant and timely audits and report in public (where the main impact is on delivery dates and budgets).
 - We manage our resources effectively (where the main impact is on audit costs and income).
 - We maximise our efficiency (where the main impact is on colleague productivity).
 - Audit work is of high quality and we are systematically improving the quality of our work (reflecting the quality review outcomes).
5. We expect to continue to operate in a volatile environment during 2021/22 which may impact performance throughout 2021/22.

Delivering world class public audit

6. All NHS financial audits were completed by the 30 September 2021 deadline.
7. There were 195 publications in Q2 comprising: 12 Annual Audit Plans, 172 Annual reports and accounts, one Best Value Assurance Report and 10 other reports.
8. Media mentions and social media engagements are up on the same quarter last year, but downloads are down on the previous quarter and the same quarter last year.

Being a world class organisation

9. We continued to prioritise communication and engagement with colleagues across the organisation using a broad range of channels. This includes formal business messaging through the regular Incident Management Team (IMT) updates, informal Yammer channels and drop-in sessions/meetings with the Auditor General for Scotland and members of Management Team.
10. We had 318.2 (98.8 %) whole time equivalent colleagues in place at the end of the quarter against a budget establishment of 321.8.
11. The absence rate is the same as Q2 last year and remains low at 1.55 days.
12. The outturn on core funding was £3,701k which was £8k (0.2%) less than budget.

Forward look

13. Quarter three will include the publication of Central Government, Local Government and Further Education financial audits in line with the Audit planning guidance and statutory deadlines. It will also include the publication of any statutory reports on those audits where appropriate.

Recommendations

14. The Board is invited to:
 - review the performance in quarter two
 - consider whether any additional management action is required.

2021/22: Q2 performance summary

 Delivering world class public audit	Measure in Q2	Previous quarter	Same quarter last year	
We conduct relevant and timely audits and report in public.				
Reports 2021/22 (Q2)	195	100	184	↑
On time (YTD)	81%	82.5%	96%	↓
Audit Budget (YTD)	-0.2	-1.92	+18	↓
We get our messages out effectively				
Media mentions (Q2)	137	196	125	↑
Downloads (Q2)	112,061	161,730	210,057	↓
Social media engagements (Q2)	4,215	6,590	3,822	↑

Key performance messages in Q2:

- All NHS financial audits were completed by the 30/09/21 deadline.
- We delivered 195 audits/reports.
- 81% of the annual audit plans were delivered on schedule.
- Audits were delivered 4.37 per cent more than budget and within our 5 per cent tolerance for this measure.
- Communications statistics show we are getting our messages out effectively. These include 112,061 downloads, 4,215 social media engagements and 137 media mention of Audit Scotland and/or Accounts Commission.
- We attended 11 external working groups and responded to 12 consultations.

Key actions

The key actions for this strategic objective are covered by the projects and workstreams in the Strategic Improvement Programme. They include development of the ASG audit methodology, the development of digital auditing and the implementation of the audit quality improvement action plan.

Key: Red = Not progressing/significant additional management action required. Amber = Progressing and management action planned. Green = On target/no need for additional management action

 Being a world-class organisation	Measure in Q2	Previous quarter	Same quarter last year	
We manage our resources effectively				
Budget Variance (YTD)	0.2%	+2.9%	+13.9	↓
WTE establishment (YTD)	98.9%	99.4%	98.9%	→
We maximise our efficiency				
Staff costs (YTD)	9,499	4,676k	8,754k	↑
Agency/secondment costs (YTD)	92k	75k	178k	↓
Average cost per audit day (Q2)	462	470.5	433.5	↑
Proportion of audit time (Q2)	65.5	67.5%	65%	→
We empower and support our people to be engaged, highly skilled and perform well				
Absence (YTD)	2.58	1.03 days	3.29	↓
Staff turnover (YTD)	4.25%	1.56%	3.15%	↑
Exams pass rate (YTD)	63%	65%	80%	↓
Training events (YTD)	74	42	50	↑
Training attendees (YTD)	1013	828	931	↑
IT uptime	99.74	99.69	100%	↓

Key performance messages in Q2:

- The outturn on core funding was £3,701 (0.2%) more than budget.
- The number of colleagues at the end of Q2 was 98.9% of the budgeted establishment.
- Absence levels (2.58 days) is the lower than last year (3.29 days).
- Staff turnover (4.25%) increased compared to (3.15%) in Q2 last year.
- The exam pass rate for Professional Trainees was lower than in previous years.
- The proportion of audit time was 65.5 per cent, similar to the 65 per cent in the same quarter last year.

Key actions

The key actions for this strategic objective are covered by the projects and workstreams in the Strategic Improvement Programme. They include several workstreams on resourcing, learning and development and wellbeing.

Appendix 2

Performance detail 2021/22: Quarter 2



Delivering world
class public audit

We conduct relevant and timely audits and report in public.

Key Performance Questions	2019- 20				2020-21				2021-22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are relevant audits being delivered?	G	G	G	G	A	A	G	G	G	G		
Are audits delivered on time?	G	G	G	G	A	A	G	G	G	G		
Are audits delivered on budget?	G	G	G	G	R	R	R	R	A	A		

Key messages

All NHS financial audits were completed by the 30/09/21 deadline

In Quarter 2 195 audits/reports were delivered including: 12 annual audit plans, 102 accounts certified, 70 annual audit reports, one Best Value Assurance Report, and 10 other products.

In August 2021 the Auditor General for Scotland and the Accounts Commission agreed the first quarterly update to the dynamic work programme. They added nine new products to the programme. They also agreed to shift timescales or replace existing planned products to accommodate new and emerging work. We changed the publication date of the Investing in skills performance audit to ensure we maximise its impact by publishing in January rather than in December, which will be a busy time for statutory reports and other media activity.

Audit expenditure is 4.37% more than budget and is within the 5% tolerance target.

Audit/report schedule 2021/11

	Q1	Q2	Q3	Q4	21/22 YTD
Annual Audit Plans Audit Scotland (120)	37 ✓	1 ✓	5		120
Annual Audit Plans Firms (102)	41 ✓	11 ✓	-		99
Accounts certified Audit Scotland (124)	4 ✓	51 ✓	70		4
Accounts certified Firms (102)		51 ✓	51		
Annual Audit Reports Audit Scotland (125)	4 ✓	45 ✓	76		4
Annual Audit Reports Firms (102)	4 ✓	25 ✓	73		4
Performance Audit (3)			Investing in skills	New ferries for the Clyde and Hebrides Reviewing Scotland's financial response to the Covid-19 pandemic	
Best Value Assurance Report (5)	Aberdeen City ✓	East Dunbartonshire ✓	South Ayrshire	Falkirk Moray (follow up)	1
Overview Report (3)	Challenges and performance LGO 2021 ✓			NHS in Scotland 2021 Financial overview of local government 2020/21 Financial overview of IJBs 2020/21	1
Statutory (6-12 tbc)			S22: Bord na Gaidhlig		

Other (20-30)

Key:

BR = Briefing

BL= Blog

CS = Case studies

RT = Round table

OT = Other

<p>Scotland's Colleges 2020 ^{BI} ✓</p> <p>Cyber security and resilience ^{BI} ✓</p> <p>Social care ^{BI} ✓</p> <p>Personal Protective Equipment ^{BR} (PPE) ✓</p> <p>Investing in skills ^{BL} ✓</p> <p>Climate change ^{BL} ✓</p> <p>Digital innovation used to respond to the Covid-19 pandemic ^{CS} ✗</p> <p>Transparency Report 2020 ✓</p>	<p>Sustainable alternatives to custody ^{BR} ✓</p> <p>Scottish Government Provisional Outturn ^{BL} ✓</p> <p>Child & Adolescent MH Services ^{BL} ✓</p> <p>Tracking the implications of C19 on Scotland's public finances to ✓</p> <p>vaccinations programme ^{BR} ✓</p> <p>Climate change: ^{RT} ✗</p> <p>Digital innovation used to respond to the Covid-19 pandemic ^{CS} ✓</p> <p>Christie 10 years on ^{BL}</p> <p>Digital exclusion ^{BL} ✓</p> <p>Annual fraud & irregularity report 2020/21 ✓</p> <p>Risks & issues facing Scottish public sector ^{OT} ✓</p> <p>What needs to happen to improve outcomes from school education? Discussion at Scottish Learning Festival ^{EV} ✓</p>	<p>The impact of Covid-19 on Scottish councils' benefit services</p> <p>Community empowerment Covid-19 update</p> <p>Housing Benefit Performance Audit - Annual Update</p> <p>Social care: ^{BR}</p> <p>Climate change</p>	<p>Administration of Scottish Income Tax 2020/21</p> <p>Scotland's economic recovery</p> <p>Data governance & ethics</p> <p>Digital exclusion and connectivity</p>	<p>7</p>
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Published

100

195

On budget: In Q2 the expenditure on audit is more than budget by four per cent

	Budget £	Actual £	£ Variance	% Variance
ASG	10,845,251	11,376,612	531,361	4.9
PABV	1,355,004	1,356,678	1,674	0.12
Total	12,200,255	12,733,290	533,035	4.37

Forward look

In Q3 the remaining Central Government, Local Government and Further Education audits are due to be published as per the deadlines below:

Sector	Deadline
Central Government – NDPBs and similar	31/10/21
Local Government	30/11/21
Colleges	31/12/21

The Auditor General for Scotland and the Accounts Commission will review the dynamic work programme again in November/December 2021 and we will report the outcome of this review in the Q3 report. While they continue to talk about being ambitious and bold in our reporting, they are also being flexible about timescales and open conversations about priorities and resources. PABV is operating at capacity and adding more products to the programme will have knock on effects elsewhere. We will continue to be flexible with our plans to respond to stakeholder needs.

As part of the wider development to the work programme we have started capturing learning in a range of ways to support continuous improvement.

During Q3 we are also focusing on impact and how best to assess this across a diverse range of products in the short, medium and longer term.

Issues/risks

The main risk for this objective is our capacity to deliver the financial audit work and the dynamic work programme. We continue to monitor resources closely and review priorities so we can adjust plans as necessary.



Audit work is of high quality and we are systematically improving the quality of our work

Key Performance Questions	2019- 20				2020-21				2021-22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are we assured about the quality of our work?	G	G	G	G	A	A	A	R	A	A		
Are we improving the quality of our work?	G	G	G	G	A	A	A	R	A	A		

Key messages

- ASG and Professional Support have put in place arrangements to mitigate the risks raised in the QPAS 2021 report on risks of material misstatement.
- An AQA review of Annual Audit Plans (AAPs) noted that:
 - 29 of the 30 IJBs AAPs reviewed clearly described what the auditor was planning to do to meet their Best Value responsibilities.
 - Only seven of the 19 non IJB other local government bodies reviewed included a clear reference to the planned work on best value in their AAPs.
- We developed a hot review covering 9 ASG financial audits, and a thematic review of our GLiQ data analytics tool. We also issued a Quality Bulletin (in mid-August) to ASG staff summarising key findings from the hot reviews.
- Technical Guidance during Q2 included:
 - A report to the 27/07/21 Audit Quality Committee with updates on actions in response to quality review work. This highlighted that good progress has been made on updating records management guidance and the review and approval log used in performance audits to ensure it now captures key points arising from each stage of review on the audit.
 - Guidance notes on: risks of misstatements in the 2020/21 annual accounts of colleges, Independent Auditor's Reports for colleges for 2020/21, technical developments and emerging risks in the quarter.
 - 20 technical briefing notes.
- We responded to 234 technical enquiries and published three frequently asked questions publications.
- We attended three meetings of the Audit Approach Project Board and held briefing sessions with all super teams and with super team champions on the implementation of the new Audit Planning Tool.
- Updated cluster teams on recent quality developments and the new guidance.
- We met with other PAF agencies to share good practise and discuss progress in the development of audit approaches to reflect the revised ISA 315.

Forward look:

- Due to delays from HM Treasury, we deferred publication of a Technical Guidance Note on Whole of Government Accounts
 - We are continuing to develop the new ASG audit approach for roll out to 2021/22 audits.
 - An internal audit on the impact of Covid-19 on audit quality and delivery taking place in October/November.
 - We are developing training packs on an enhanced approach to risk assessment and audit planning and the new Audit Planning Tool for delivery across all ASG starting early November.
-



We get our messages out effectively

Key Performance Questions	2019- 20				2020-21				2021-22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are we getting messages out effectively?	G	G	G	G	G	G	G	G	G	G		

Key messages

- The Scottish Parliament was in recess during July and August.
- We continue to get our messages out effectively. Media mentions (137) were up on the same period last year (125), Social media engagements (4,215) were up on Q2 last year (3,822) but downloads (112,061) were down from (210,057). The decrease in downloads is in part due to a change in, September 2020, to the download capture software. The change makes the data gathering more manageable, less time-consuming and is focussed on capturing the most important data. It is also the case that people are less likely to download large documents, preferring to view shorter summaries on-line. Our approach to using a diverse range of shorter outputs reflects this.

Engagement: In Q2 we attended/delivered:

- 8 Parliamentary Committees (less than normal due to the election period).
- 11 external working group meetings - including CIPFA/LASAAC Board for the Local Authority Accounting Code and NHS Technical Accounting Group.
- One external presentation on our work on counter-fraud.
- We responded to 12 consultations.

Parliamentary engagement

Month	Parliamentary questions mentioning Audit Scotland	Mentions of Audit Scotland's work across committees	Mentions of Audit Scotland during FMQs	Audit Scotland staff appearances at committees	Total
July	0	0	0	0	0
August	1	1	0	0	0
September	6	20	2	8	36
Quarter total	7	21	2	8	38

Communications

	Q1	Q2	Q3	Q4	YTD	20/21
Media	196	137			333	678
Downloads	161,730	112,061			273,791	818,874
Engagements*	6,590	4,215			10,805	18,963

*Engagements = not only received but reacted to one of our tweets

Media in Q2:

The top three published reports by media coverage were, the children and young person mental health services blog, the sustainable alternatives to custody briefing and the Covid-19 financial implications tracker.

Short blogs and briefings are having a significant impact in the media. Blogs on the 10-year anniversary of the Christie report and mental health services for children and young people had a broad impact beyond the pages of the mainstream media. All briefings were well covered in the media, particularly the sustainable alternatives to custody briefing, which had very strong messages about the challenges facing Scotland's justice system. The briefing on tracking the implications of Covid-19 on Scotland's public finances, included broadcast interviews with BBC Radio Scotland, commercial radio stations and a blog on the BBC Scotland website by economy editor Douglas Fraser.

Downloads in Q2:

There were lower numbers of downloads for our reports this quarter. The key downloads during Q2 all recorded relatively lower number of downloads (450-700 each month). The highest downloads were, education outcomes, children and young people's mental health and community empowerment, and community justice

Social media activity in Q2:

Q2 was notable for the exceptional performance of a tweet linking to the Auditor General's September blog on the 10-year anniversary of the Christie report. The post was engaged with more than 1,000 times on twitter, with former politicians, members of the public and prominent public and third sector leaders commenting – and praising – the blog's messages. It is the most popular post from Audit Scotland/the Auditor General in the last four years. A tweet about the mental health blog was also very well received, with over 250 engagements.

Consultations in Q2:

We responded to 12 consultations including consultations from: UK Department for Business, Energy & Industrial, Ethical Standards Commissioner for Scotland, Public Sector Audit Appointments, Finance and Public Administration Committee, DWP, Local Government,

Housing & Planning Committee, Ethical Standards Commissioner for Scotland, Scottish Government, Constitution, Europe, External Affairs and Culture Committee, Equalities, Human Rights and Civil Justice Committee.

Correspondence

New correspondence cases	Q1	Q2	Q3	Q4	YTD	19/20
Number of cases	34	35				119
Acknowledgement within five working days	100%	94%				98%
Final response within 30 working days	100%	91%				96%

FOI/EIR/Complaints:

- In Q2 there were 10 FOI requests, no EIRs and all were responded to on time.
 - There were no complaints responded to in Q2.
-

Forward look:

- To support the new dynamic work programme, we will consult on how best to collect feedback from external stakeholders as part of ongoing conversations.
-



We systematically deliver impact through our work

Key Performance Questions	2019- 20				2020-21				2021-22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Is our work delivering impact?	G	G	G	G	G	G	G	G	G	G		
Are our recommendations leading to improvements?	G	G	G	G	G	G	G	G	G	G		
Are we offering insight and foresight and making information and intelligence available to others?	G	G	G	G	G	G	G	G	G	G		

Examples of where work has made a positive impact and/or positive feedback received in Q2 include:

[Community justice: Sustainable alternatives to custody briefing paper, published 15 July](#)

- The Scottish Government launched a consultation on the national community justice strategy at the end of September. The consultation document referenced the briefing paper and listed the things we suggested the Scottish Government should be considering. It noted that these issues would be considered as part of the review. News coverage at the time of publication included The Times, The Scotsman, The National, Holyrood, the BBC and STV. The Scottish Parliament's Public Audit Committee are bringing the Scottish Government in for an evidence session on the briefing later in October.

[Covid 19: Tracking the impact of Covid-19 on Scotland's public finances, published 15 September](#)

- The briefing was covered extensively on the day of publication, with reports by The Courier, The National, Scottish Daily Mail, Press & Journal, The Herald, The Metro, The Scotsman, and The Times and the AGS being interviewed by BBC Radio Scotland. The key messages on the AGS' warning about the prospect for difficult spending decisions in the future and the need for transparency around Covid-19 spending came through.
- The Scottish Government, Scottish Liberal Democrats, Labour, and the Scottish Conservatives all issued statements on the briefing.
- The briefing prompted two questions about transparency around Covid-19 spending from Liz Smith (Con) and Dean Lockhart (Con) in parliament, and it was mentioned by the First Minister during FMQs on 16 September.

[Public Services and Scotland's Voluntary Sector during Covid-19, blog published 25 June](#)

- The blog was well engaged with on social media, particularly Twitter. A number of third sector stakeholders engaged with the post, including: The Scottish Council for Voluntary Organisations; Association of Chief Officers of Scottish Voluntary Organisations; Corra Foundation; and

Inspiring Scotland. As well as number of senior individuals in the sector including Anna Fowlie, CEO of SCVO and Martin Crewe, Director of Barnardo's Scotland.

[Covid-19: Personal protective equipment briefing paper, published 17 June](#)

- Since the briefing paper published the AGS has published a section 22 on NHS NSS, the two reports will be considered by the PAC on the 4 November 2021.
- On the day of publication, the briefing paper was covered on the front page of the Herald and in a number of other publications including BBC, Daily Mail, Express, Evening Express, Metro, Sun, Scotsman and Times. The key messages were clearly reported in most of the coverage.
- The AGS appeared on Good Morning Scotland, the BBC Scotland's FMQ show, STV and Reporting Scotland. The Audit Manager pre-recorded clips were on two local stations.
- The Labour leader raised the briefing at FMQ and we received good engagement on twitter from organisations such as the BMJ.

[CAMHS blog, published 31 August](#)

- On the day of publication, the blog was covered by the Times, the Herald, the Scotsman, the Daily Record, the Daily Express and the Sun and a number of local newspapers. The key messages were clear in the coverage. The team also participated in some local radio interviews.
- The Times requested responses to additional questions and wrote a [longer feature](#) the day after publication.
- The Public Audit Committee held a roundtable discussion on 7th October off the back of the blog about Children and Young People's Mental Health.

[Christie 10 years on blog, published 7 September](#)

- The blog was covered by The Herald, Scotsman, Press and Journal, Daily Express, The Courier, Edinburgh Evening News, The National and The Times, amongst others.
 - Douglas Fraser used the blog as a springboard to write a complementary Christie blog on the BBC website.
 - Radio Scotland reported on the blog as part of their news coverage.
 - There were very high levels of engagement with the blog on social media, particularly twitter. Public sector leaders, workers, academics and others engaged with the post. It was retweeted 64 times and liked 88 times. It is the most successful individual post on twitter in recent years.
 - Lib Dem leader Alex Cole-Hamilton issued a statement on the day of the blog's publication.
 - The blog was raised twice - by Conservatives Liz Smith MSP and Donald Cameron MSP - in the Scottish Parliament as part of the debate on the programme for government.
 - The AGS will be attending the Scottish Parliament's Finance and Public Administration Committee to discuss this.
-

Best Value**Aberdeen City BVAR, published 24 June**

- The council considered and accepted the BVAR recommendations, alongside an action plan, at its meeting on August 23rd. The council issued a press release to publicise this decision. Due to Aberdeen City Council doing their accounts to an accelerated timetable, the wider scope aspect of the AAR draws heavily upon the BVAR.

Note: initials of audited bodies below to be removed in the public version of the report

Central government

(SF) Our 2019/20 annual audit report highlighted that the client's grant system did not have the functionality to provide a detailed listing of all grants accrued, leading to a risk of inaccurate information. During 2020/21, following our recommendation, management worked with the supplier to make improvements to the system's reporting and a detailed listing of grants is now available. This improvement in reporting has resulted in improved estimation of the year-end grant accrual.

Health

(NSS) Our review of the arrangements in place for procurement of PPE identified that the body was acting as principal and not agents, this led to an additional expenditure of over £300m (2020/21) in its books that would have otherwise been accounted for by the SG.

(NHSFV) We provided training to members of the Audit and Risk Committee (ARC) on their role with a focus on scrutinising the accounts. The Chair of the ARC used the slides to prepare a checklist for use by ARC and Board members. At the ARC on 16 September, we observed an increase in the level of questions directed to officers on the draft accounts. Furthermore, at the Board meeting on 30 September, the chair of the ARC suggested the checklist should be used by all ARC's.

Local Government

(SLIJB) In previous years we had reported that the Annual Performance Report could be improved through use of infographics and by streamlining the narrative included in the report. The Annual Performance Report for 2020/21 shows significant improvement with a clear focus on providing the necessary information required and in a more reader friendly format.



We develop new and improved processes, products and services

Key Performance Questions	2019- 20				2020-21				2021-22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are new processes, products and services being developed?	G	G	G	G	G	G	G	G	G	G		
Are products and study programmes suitable and appropriate for emerging issues?	G	G	G	G	G	G	G	G	G	G		

Key messages:

We continue to develop the range of audit products we're producing, which now includes blogs, briefings and events alongside more traditional products such as performance audits, Best Value Assurance Reports and statutory reports. Our product development centres on the audience we are trying to reach and the impact we want to have.

During Q2 we added nine new products to the programme: four blogs, two impact events and one other report. For the other two new products we will decide how best to report once we have had further conversations about audience and impact.

We made steady progress on our Strategic Improvement Programme (SIP) in Q2. This is the subject of a separate report on today's agenda for the Board.

Q2 highlights include:

- Child and Adolescent Mental Health Services (Audit Scotland blog)
- Improving outcomes for young people through school education (Impact events x 2)
- Christie 10 years on (AGS and AC blogs)
- Digital exclusion (AC blog)
- Financial analysis of IJBs (AC report)
- Social security (AGS product)
- Child poverty (Joint)
- Drugs and alcohol (Joint).

Forward look

The key areas of focus in the SIP currently include:

- The New Audit Appointments procurement process.
- Planning for a refresh of Public Audit in Scotland, the Partnership Framework and the new Corporate Plan

To support continuous improvement of our products we have started capturing learning in a range of ways and we will use this identify improvement actions for our newer products. This is happening alongside our routine project review process for more traditional products.



We manage our resources effectively and maximise efficiency

Key Performance Questions	2019- 20				2020-21				2021-22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are we managing our resources effectively	A	A	A	A	R	R	R	R	A	A		
Are we maximising efficiency?	A	A	A	A	R	R	R	R	A	A		

Key messages

In the six months to 30 September 2021 Audit Scotland's Net Operating Expenditure was £3,701k which was £8k (0.2%) less than budget.

Resource management

In the six months to 30 September 2021 Audit Scotland's Net Operating Expenditure was £3,701k which was £8k (0.2%) less than budget.

	Q1	Q2	Q3	Q4	20/21
Actual	(2,064)	(3,701)			12,429
Budget	(2,006)	(3,709)			13,215
Variance K	(58)	8			786

Staff - The average number of staff in the quarter was 96.6 per cent of establishment. However, the number in post by the end of the quarter is 98.9 per cent of establishment. New post will continue to phase in during the year.

	Q1	Q2	Q3	Q4	20/21
2020/21 establishment w.t.e	321.8	321.8			290.2
Average no. of staff employed in 2021/22 w.t.e:	301.1	310.9			290.7
No. of staff at end of quarter w.t.e:	312	318.2			294.3

Staff and Agency costs – The total staff costs in the six months to 30 September 2021 were £88k (0.9%) less than budget.

	Annual Budget £000	Actual YTD	Budget YTD	Variance	Actual Average WTE	Budget WTE
Total Staff costs 2021-22	20,272	9,499	9,625	126	310.9	312.3

Total agency & secondments 2021-22	75	92	54	(38)		
Q2 Staff costs 2020-21	18,016	8,754	8,737	(17)	301.1	302.4
Q2 agency & secondments 2020-21	75	178	38	(140)		

Legal, professional and consultancy:

	Q1	Q2	Q3	Q4
Actual	88	179		
Budget	110	192		
Prior year spend	81	206	382	768

Estate:

	Q1	Q2	Q3	Q4
Actual	194	403		
Budget	216	430		
Prior year spend	215	425	634	1,117

Costs of travel: The underspend is attributable to mileage credits on return of vehicles to the lessor and members of the scheme leaving/retiring from Audit Scotland with there being no further obligation in respect of the lease car.

	Q1	Q2	Q3	Q4
Actual	75	149		
Budget	93	186		
Prior year spend	87	170	258	355

Capital Expenditure:

The capital budget for 2022/23 increased from £150k to £250k with our capital programme focusing on office re-configuration to provide a Covid secure environment and new IT hardware and software. The total capital expenditure year to date is £153k with IT hardware purchases of £102k (laptops and other IT equipment) and £51k of IT software purchases (business management system).

Digital Services: Downtime was due to issues with the Citrix servers on six different occasions.

IT Network	Q1	Q2	Q3	Q4	20/21
IT uptime (%)	99.69	99.74			99.66
Working hours lost	875	733			0.34
Average time lost per person	2.42	2.03			2.63

IT Incident management summary (incident targets are expected to achieve 97%)

- 91.35% of the requests were accepted within the response time SLA.
- 91.0% of the requests were closed within the fix time SLA.
- An average of 2.4 incidents were logged per user.

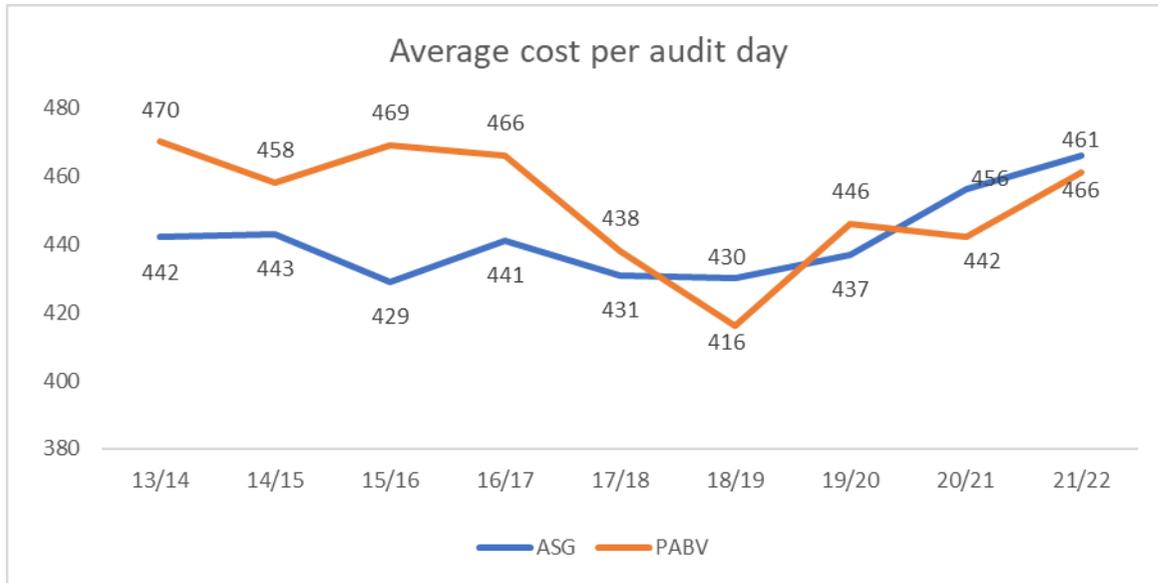
Digital Services: Downtime was mostly due to a power cut in 102WP and an issue with a failed drive in the storage area network.

Business group audit and non-audit time

Audit time is defined as any time charged through TRS/MKI to an approved audit (overviews, performance audit, BVARs, statutory reporting etc). It also includes time logged to programme development, the production of internal and external briefings and other outputs, audit appraisal, policy analysis, stakeholder engagement and correspondence. Non audit time includes time off, corporate forums, improvement projects and learning and development.

During Q2 business group audit time was 65.5% similar to Q2 last year (65%).

	21/22 (%)				20/21 (%)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
ASG	64	69			62	65	63	73
PABV	60	62			58	65	62	58



The average cost per audit day of PABV and ASG audits fluctuates between audits and throughout the year. This is due to the timing of audit work, the grade mix deployed and any changes in the daily rate for audit staff made by the finance team each April.

Forward Look

- PRMG to review the underlying reasons for the direction of travel for average cost per audit day.



We manage information and intelligence effectively (internal)

Key Performance Questions	2019- 20				2020-21				2021-22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are we managing information and intelligence effectively (Internal)	G	G	G	G	G	G	G	G	G	G		

Key messages

During Q2:

- We continued to implement various aspects of the Digital Services Strategy, in particular maintaining cyber security and supporting business continuity.
- [Digital services strategy update](#) published 20/08/21 – this includes updates on supporting colleagues with remote working during the pandemic, enhanced cyber security measures and supporting transformation.
- Audit Committee considered the 6 monthly [digital security update](#) at its meeting on 1 September 2021.
- We continued to roll out of laptops – 99% of colleagues currently have an Audit Scotland laptop.
- We have replaced Citrix desktop boxes with docking stations and installed new technology in meeting rooms to support hybrid working.

Forward look

- ISO27001 Audit – 28 and 29 October 2021.
- KITGG meeting 2 November (items include 2022 workplan, Q2 Digital Services Performance, Information Risk Register and ISMS risk treatment plan).
- Internal audit on FOI – Audit Committee 10 November.
- Business Management System phase 1 (Finance) parallel running – January 2022.


We empower and support our people to be engaged, highly skilled and perform well

Key performance questions	2019- 20				2020-21				2021-22			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Are our people empowered and engaged?	G	G	G	G	G	G	G	G	G	G		
Are our people highly skilled?	G	G	G	G	G	G	G	G	G	G		
Are people performing well?	G	G	G	G	G	G	G	G	G	G		
How effective is communication and collaboration across the organisation?	G	G	G	G	G	G	G	G	G	G		
Are career paths offered across the organisation?	G	G	G	G	G	G	G	G	G	G		
Do we understand and support diversity within the workforce?	G	G	G	G	G	G	G	G	G	G		

Key messages:

- During Q2 absence levels remain similar to the same quarter last year. We still have a number of long-term absence cases that the HR & OD team are managing carefully in conjunction with Directors and line managers.
- Learning and development has continued throughout Q2, although Q2 Technical learning has reduced significantly as Q1 included learning associated with ICAS Audit Quality results.
- Recruitment activity during Q3 and Q4 will significantly increase, as phase 2 of our Building Capacity is implemented.

Highly skilled:

- The process for training attendance data is being reviewed and updated and attendance recording now includes online completion of learning as well as formal virtual learning.

Wellbeing:

- We shared information on drug and alcohol awareness as part of Healthy Working Lives
- Incident management team and the HR & OD team continue to remind colleagues of our employee counselling service via Wellness International.

Career Paths:

- One successful CDG transition in Q2.

Vacancies filled	21/22 YTD	20/21
Internal	11	6
External	36	34
Total	47	40

Absence levels: remain low and are the same as Q2 last year.

	Q1 days	Q2 days	Q3 days	Q4 days	YTD days
Audit Scotland – 21/22	1.03	1.55			2.58
Audit Scotland – 20/21	1.3	1.56	1.66	1.3	5.81
Audit Scotland – 19/20	1.6	0.46	1.33	1.32	4.97
Audit Scotland - 18/19	1.28	0.76	1.41	1.4	4.85

Staff turnover: Resignations and leavers in Q1 are higher than the same quarter last year (0.35 and 0.71 respectively) but we are well below the CIPD benchmark.

	Q1	Q2	Q3	Q4	YTD	20/21 CIPD benchmark
Resignations %	1.24	1.5			2.74	2.94 n/a
All Leavers %	1.56	2.69			4.25	4.9 16%

Exam results: The small number of exams taken means a small change has a significant impact on the percentage. However, it is noted that there appears to be a downward trend in exam success. This is being examined to understand the reasons and contributory factors.

	Q1	Q2	Q3	Q4	YTD	20/21
Exams taken	37	12			49	163
Exams passed	24	7			31	145
% pass rate	65	58			63	89

Highly skilled: Year to date the number of events (74) events is great than last year (50) and the number of attendees (1013) is also greater than last year (931).

	Q1		Q2		Q3		Q4		YTD		20/21	
	Events	Attendees	Events	Attendees	Events	Attendees	Events	Attendees	Events	Attendees	Events	Attendees
Health, Safety and Wellbeing	1	8	1	1					2	9	4	30
Knowledge Cafes	0	0	0	0					0	0	1	25
Learning & Development	2	24	2	21					4	45	15	459
Management Development	4	30	3	14					7	44	18	109
Organisational Development	20	300	8	78					28	378	24	135
Technical Training	17	466	16	71					33	537	28	629
Total	42	828	30	185					74	1013	90	1387

Other training included:

- Three insight sessions on the impact of new style audit outputs (e.g., Blogs and Briefings).
- Introductions to - Public Audit Committee (PAC), the AMF and Audit Methodologies.
- How to scope a performance audit and record evidence and judgements.
- Understanding the quality arrangements and our individual responsibilities.
- Certifying housing benefit subsidy claims for 2020/21.

Forward look

- Recruitment activity during Q3 and Q4 will significantly increase, as phase 2 of our Building Capacity has resulted in approval to increase our staffing establishment.
- The HR & OD team are also working with finance to build the new Business Management System which will launch in early 2022.
- The new L&D plan for 2021/22 was launched on 15 of October 2021

Issues/ risks

- There is a risk that the increase in the number of Covid cases will impact on absence levels during Q3.
-