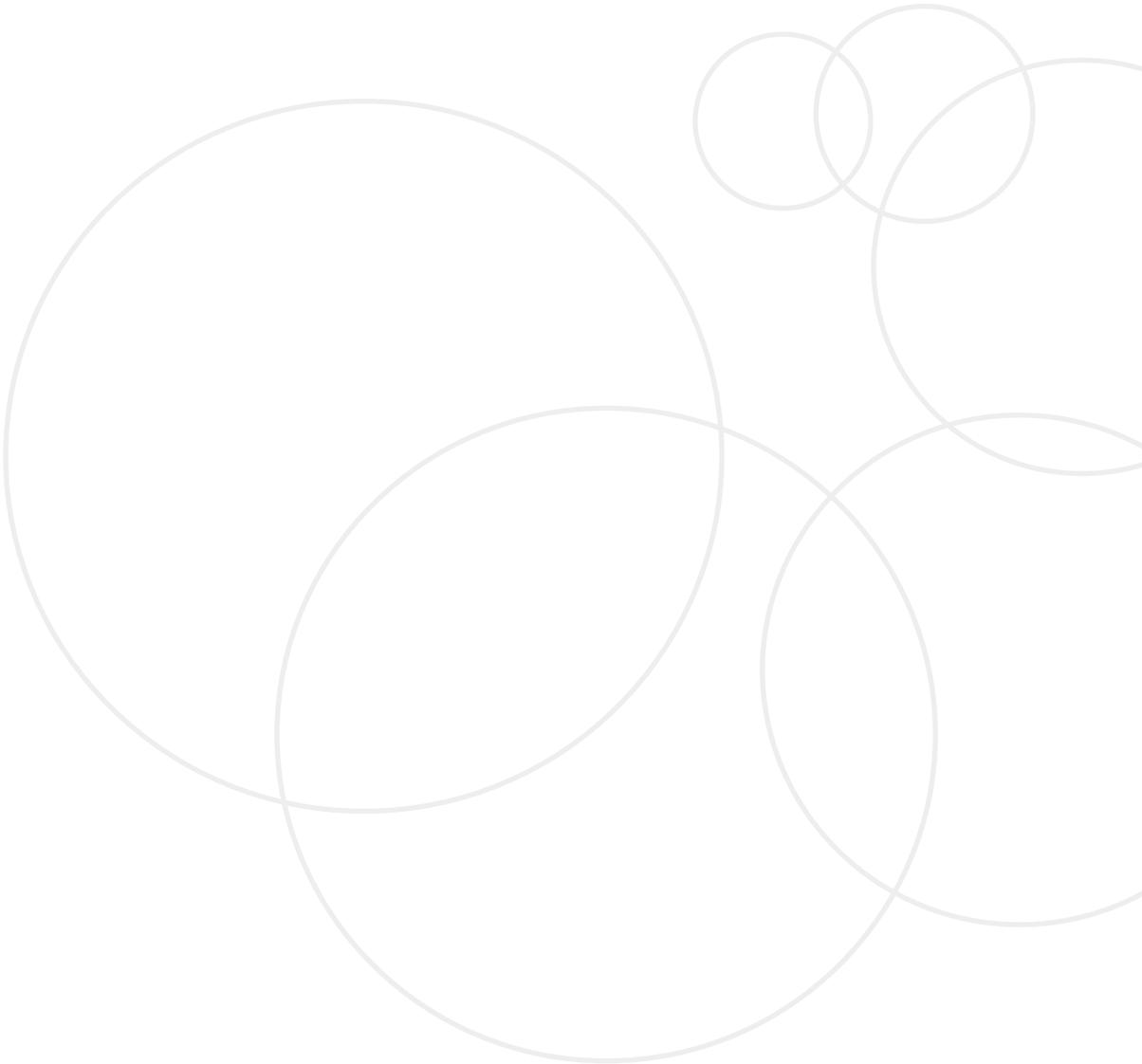


providing assurance, promoting excellence

ANNUAL REPORT 2000/01



Audit Scotland provides high-quality services to the Auditor General and the Accounts Commission.

We support effective democratic scrutiny by providing independent, objective assurance on governance, financial stewardship and performance. We also support continuous improvement in public services and give priority to the interests of the people of Scotland.

CONTENTS

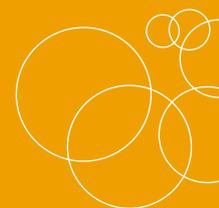
| | |
|---|----|
| Chairman's statement | 1 |
| A review of the year by the Auditor General | 3 |
| Who we are and what we do | 6 |
| Key achievements | 7 |
| Holding us to account | 13 |
| Financial overview | 15 |
| Appendix 1: Publications | 17 |
| Appendix 2: Extracts from our accounts | 19 |



Introduction

by Ian Percy, Chairman

Audit Scotland's mission encompasses the two main themes of our work: enhancing democratic scrutiny and promoting the improvement of public services.



The origins of Audit Scotland lie in the first proposals for the creation of a Scottish Parliament announced in 1997. From that time those of us engaged in public sector audit in Scotland worked together to produce one single public sector audit agency in Scotland. The reason why we all understood the importance of this project was the realisation that accountability for public expenditure and scrutiny as part of the democratic process would have a greater significance in Scotland after devolution. The early work of the Scottish Parliament bore this out, with the establishment of the financial and auditing framework in one of its earliest pieces of legislation – the Public Finance and Accountability (Scotland) Act 2000. This was the measure which established Audit Scotland from 1 April 2000 and gave public sector audit such an important role to play in our new institutions.

I am pleased and proud to have played a part in all of this and to be able to report now on the

successful first year of Audit Scotland's operation.

The unique organisational arrangement which we have established in Scotland, with Audit Scotland providing all services to the two policy bodies – the Accounts Commission and the Auditor General – gives us the opportunity to achieve not just economies of scale in our operation but also the widest possible perspective across Scottish public services with a view to enhancing their operation. We share these aspirations with our principal partners, the Parliament, the Executive, local government, the NHS and other public bodies. I believe that the record of achievement in our first year which is described in this report shows not only that we have begun to deliver, but also that the prospects for the future are good.

Within Audit Scotland, we depend very much on successful partnership working. As detailed later in this report, the board includes the Auditor General and the chairman

of the Accounts Commission as the main stakeholders in Audit Scotland. I am pleased that we have been able to include the two Deputy Auditors General as members of the board together with an external non-executive appointment.

We have been greatly assisted in taking forward the planning and execution of Audit Scotland's work by clear directions from the Accounts Commission and the Auditor General and explicit strategy statements by both of them, setting out their objectives and requirements. Although the Commission and the Auditor General operate in slightly different accountability regimes, the broad themes of their strategies and objectives are coherent. This gives Audit Scotland the framework which it needs to develop its corporate and business planning.

It would be wrong to pretend that we have not encountered difficulties in our first year of operation. The Act received Royal Assent on 17 January 2000 and the

It has been an enormous challenge, but also a privilege to be associated with the creation of Audit Scotland and to have served as its first chairman.

first day of operation of Audit Scotland was 1 April in that year. By any standards this is a short period for planning and implementation.

Our first priority throughout was to ensure the maintenance of the audit regime and I am pleased that this report bears out that we achieved this. We have now made enormous strides in completing the merger of the former organisations of the Accounts Commission and the National Audit Office (NAO) in Scotland. We have created and implemented a new management structure and made a large number of appointments. Work is well advanced in completing the integration of the organisation following the acceptance of proposals for harmonising terms and conditions of employment. We have also carried out a procurement exercise in accordance with the regulations set out by the European Commission and have appointed auditors to all public sector bodies for whom we have responsibility. This exercise has resulted in 35% of our audit work being out-sourced to appointed private sector firms. I am pleased with the way the firms have

responded to what is essentially a partnership to deliver an added value independent audit service to ensure probity and Best Value across the Scottish public sector.

All of this has required an exceptional effort on the part of everyone associated with the creation and running of Audit Scotland. Our external partners such as the Scottish Commission for Public Audit and the Scottish Executive have helped at every turn.

The support of all our stakeholders, including audited bodies, has been invaluable in allowing us to make the progress which we have achieved. But most of all, the management and staff of Audit Scotland have been absolutely crucial in bringing us to this stage of our development. I am acutely conscious of the additional effort and goodwill which this has demanded of everyone involved and I think it is a tribute to their commitment to public service values in Scotland that we have been able to achieve so much in such a short time.

It has been an enormous challenge, but also a privilege to be associated with the creation of Audit Scotland and to have served as its first chairman. I think we have shown from an early stage that the new institutions in Scotland can make a difference and I wish everyone in Audit Scotland well for the future.



Ian Percy Chairman

Ian Percy's term of office as chairman of the Accounts Commission and the Audit Scotland board ended on 30 September 2001.

A review of the year

by Robert W Black, Auditor General

As Auditor General I am responsible for securing and reporting the audit of the accounts of a wide range of public bodies in Scotland and also for undertaking examinations into the economy, efficiency and effectiveness with which resources are used (commonly referred to as value for money studies).

The Accounts Commission for Scotland has similar responsibilities for local authorities. Neither the Auditor General nor the Accounts Commission directly employ staff. Audit Scotland, which provides services to both the Auditor General and the Accounts Commission, is the employing organisation. I am also, however, the Accountable Officer of Audit Scotland.

Audit Scotland is unique in public audit within the United Kingdom. For the first time we have a single agency which, although working to two different bodies – the Auditor General and the Accounts Commission – covers virtually all of

the devolved public sector. This opens up opportunities for cross-cutting studies (such as the current examination of the youth justice service in Scotland) and close co-operation between myself and the Accounts Commission.

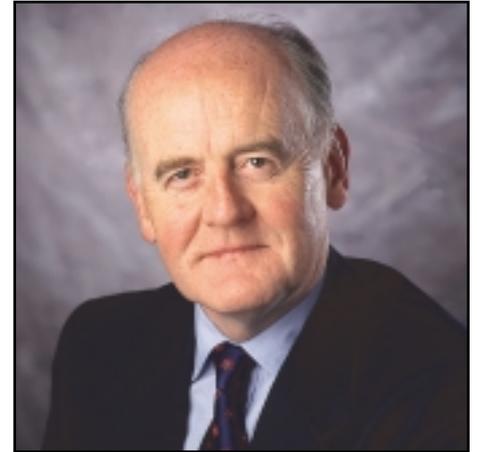
This first year of the new public audit set up in Scotland has been an unusual one in that we have had to continue some of the work started by the Accounts Commission (which used to have responsibility for health audits in Scotland) and by the National Audit Office, which had responsibility for central government audits in Scotland before devolution. At the same time, we have been called to look at some of the issues arising since devolution.

A fundamental part of my work is to see whether the standards of governance and financial management are high and if proper accounting procedures have been followed. This may seem straightforward but is, in fact, an

enormous task, covering all the bodies mentioned above across the whole of Scotland. Much of the work is carried out by the staff of Audit Scotland, some of it by private accountancy firms.

Should anything unusual arise in the auditing of these accounts, it is the duty of the auditors to bring this to my attention. This may result in a decision by me to look more closely at a particular area and to report on it. This was the case with our report on Moray College for example, which has been facing severe financial pressures.

For key sectors of public expenditure I publish what we call 'overview' reports, the first of which looked at the NHS in Scotland. Overviews look at the financial performance of the sector as a whole, drawing on the reports of external auditors around the country. They may include service performance issues, drawing on value for money studies. They may highlight issues that I feel need



Audit Scotland is unique in public audit within the United Kingdom. For the first time we have a single agency which covers most of the devolved public sector.

further examination, for example the large financial deficits identified in the health service in Tayside. As a result, I took the decision to investigate this area further. The result was a separate report on the NHS in Tayside, followed by hearings by the Audit Committee of the Scottish Parliament. At such hearings, the Committee can call key players to give evidence.

I also ask Audit Scotland to carry out 'value for money' examinations. Essentially, these examine whether public bodies are getting the best value from the money spent. Decisions about areas to investigate are taken after consultation with our key stakeholders, but ideas from anyone are welcome.

One example of such a report was '*A clean bill of health?*', a review of domestic services in Scottish hospitals. Its findings on the inadequacy of cleaning procedures in some hospitals were extensively reported in the media and the Scottish Executive

undertook to ensure an improvement in standards. Occasionally I may respond to a request for an examination of an area where there have been concerns about financial stewardship. This was the case with the report into the new Scottish Parliament building at Holyrood. I believe that my report was perceived as a balanced one, noting the unusual nature of the building, while highlighting the areas that could have been better managed and pointing out the risks that still lie ahead.

The relationship between the Auditor General and the Audit Committee is a crucial one. Once a report has been laid in Parliament and published, I will normally brief the Audit Committee, which is made up of seven members of the Scottish Parliament. The Committee may then decide to take evidence on that particular topic. It can call witnesses, and indeed has done so on many occasions. At the end of this process, the Committee will publish its own

findings based on the evidence in my report and from witnesses. This process ensures that public audit makes a major contribution to the effective democratic scrutiny of public spending. Through our work, we help ensure that public money is spent wisely and properly and we can provide objective evidence of what works best in the delivery of public services.

The pressures upon Audit Scotland staff in this first year have been great, as they have had to balance their ongoing workloads with the extra burden of planning and creating a new organisation. For many people, there was also an unavoidable period of uncertainty at a personal level until the new structures were in place and posts were filled. I would like to echo the thanks of the chairman to all the Audit Scotland staff for their hard work and support during the first year of the new organisation. I would also like to record an appreciation of the outstanding contribution of Ian Percy who, in

In addition to his role as chairman of the Accounts Commission, Ian has been the first chairman of the Board of Audit Scotland. Ian has made an important and distinguished contribution to public audit over the last decade. Although his term of office with the Accounts Commission, and consequently with Audit Scotland, ended on 30 September, I am sure Ian will continue to be a strong voice for improvement in the financial management and performance of public services.

In April of this year the Accounts Commission published its strategy and in August I produced a strategic statement in which I outlined directions and priorities for public audit over the next three years. These strategies have provided the context for the first Audit Scotland corporate plan which was issued in September. The corporate plan contains a proposed set of performance indicators which will be included in future annual reports. This will enable the

Accounts Commission and me, together with other stakeholders, to hold Audit Scotland to account for their performance.

I am very pleased that the Audit Scotland mission statement emphasises the role of the new organisation in supporting effective democratic scrutiny. The creation of Audit Scotland should ensure that public audit can play an important role in supporting the scrutiny procedures of the Scottish Parliament by providing objective information on governance, financial stewardship and performance. As described in this first annual report, a very promising start has been made towards delivering the aspirations of the mission statement.



Robert W Black Auditor General



L to R: Ian Percy, Robert Black, Caroline Gardner, Ronnie Hinds, Phil Taylor, Alastair MacNish

Who we are and what we do

Audit Scotland is responsible for the audit of nearly 250 public sector bodies.

The services we provide to the Auditor General and the Accounts Commission include:

- delivering a comprehensive public audit
- promoting high standards of governance, stewardship and management
- supporting service improvements and Best Value
- reporting in the public interest.

Our work is overseen by a board, which includes the Auditor General, the Chairman of the Accounts Commission, the two Deputy Auditors General and an independent non-executive fifth member.

Robert Black, Auditor General

Ian Percy, Accounts Commission Chairman
Ian Percy's term of office as chairman of the Accounts Commission and the Audit Scotland board ended on 30 September 2001.

Ronnie Hinds, Controller of Audit and Deputy Auditor General

Caroline Gardner, Deputy Auditor General (Performance Audit)

Phil Taylor, Non-executive board member from October 2001

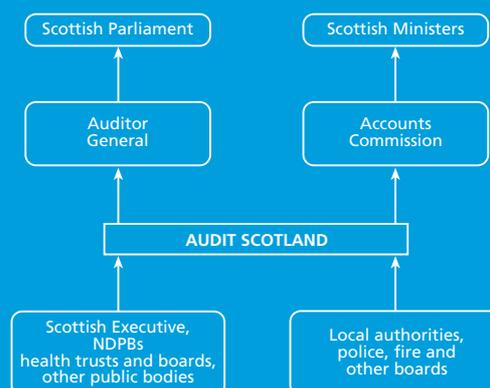
Alastair MacNish, Accounts Commission Chairman from 1 October 2001

We report to both the Accounts Commission and the Auditor General who have separate statutory roles.

Public audit is based on three principles

1. The independence of public sector auditors from the organisation being audited.
2. The wide scope of public audit, covering not only the audit of financial statements, but also regularity, probity, value for money and governance.
3. The ability of public auditors to make the results of their audits available to elected representatives and to the public.

Audit Scotland provides services to the Auditor General and the Accounts Commission



Key achievements in our first 18 months include:

- securing the audit of nearly 250 public sector bodies
- introducing tighter deadlines for completing and reporting on audits
- completing a major procurement exercise for external audit services and introducing a new policy on charging for audits
- preparing and issuing a new comprehensive Code of Audit Practice
- preparing 25 technical guidance notes for auditors and reviewing the quality of their work
- producing three overview reports, four audit reviews, five statutory reports and over 30 performance audit reports
- consulting on our forward programme of performance audit work
- setting up the new organisation, transferring staff to new posts and producing our first corporate plan.

Key achievements

Auditors provide assurance that public sector bodies meet high standards of financial management, governance and stewardship, and help ensure that they are achieving the best possible value for money.

Delivering the audit and new tighter reporting deadlines

During our first 18 months, we delivered all our audit responsibilities. Each audit includes the certification of the financial statements, local reports on stewardship and performance, and action plans for management.

The external auditors are appointed by the Auditor General or by the Accounts Commission and the audit is carried out either by Audit Scotland's staff or by private firms. The auditors provide assurance that public sector bodies meet high standards of financial management,

governance and stewardship, and help ensure that they are achieving the best possible value for money.

Council audits

The deadline for the completion of 1999/2000 council audits was brought forward by two months to 30 September. Overall, 20 of the 32 council audits were signed off by this date. By 31 December, 29 of the 32 had been completed. Performance in 1999/2000 represented a significant improvement over previous years, but there is scope for further progress in this area.

NHS audits

In the NHS, the deadline for completion of the 1999/2000 audits was 30 June for trusts and 31 July for health boards and other boards. All 28 trust audits were completed by the 30 June deadline. For health boards and special health boards, 20 of the 22 were signed off by 31 July.

Central government accounts

Under transitional arrangements for devolution most 1999/2000 accounts were certified by the Comptroller and Auditor General, based on audit work carried out by former NAO staff who transferred to Audit Scotland. 1999/2000 was also a transitional year for resource accounting which resulted in both cash and accruals accounts being required. All statutory deadlines were met, although the completion date of accounts and audits will need to be brought forward under new Scottish legislation.

We will keep abreast of modern audit practice, especially risk-based approaches and the audit of electronic systems and processes. This will include a review of computer audit in 2001/02.

| Accounts audited | |
|---|----|
| Scottish Executive departments and executive agencies | 42 |
| NDPBs and others | 45 |
| NHS boards and trusts | 50 |
| Further education colleges | 43 |
| Water authorities | 3 |
| Local authorities, police, fire and other boards | 66 |

KEY ACHIEVEMENTS

Audit procurement and our new charging regime

We developed, consulted on and agreed a new charging regime for the audit of most public bodies (including all local authorities and NHS bodies in Scotland) which was implemented in November 2001. The objectives of this are:

- transparency for audited bodies in relating audit activity to cost
- incentives for auditors and audited bodies to improve efficiency and contain the costs of external audit.

This approach allows auditors and audited bodies to agree the cost of each audit within a range set by Audit Scotland. Those organisations with sound governance and controls may be able to agree lower charges than those which require a higher level of audit.

We have also overhauled our audit procurement strategy and successfully completed a major open tender exercise in accordance with EU requirements. Of the 13 firms which responded to the tender notice, nine were selected to undertake public sector audit work in Scotland. The

selection process incorporated both quality and cost criteria. Together with Audit Scotland's own staff these firms have been appointed to audits from 2001/02 to 2005/06, following consultation with audited bodies. A full list of audited bodies and their auditors is available on the Audit Scotland website.

We intend to develop a rolling three-year financial plan for Audit Scotland as a basis for financial management and for informing audited bodies about the cost of audit over the same period.

A new 'Code of Audit Practice'

Auditors act independently in carrying out their responsibilities and exercising their professional judgement, but the Auditor General and Accounts Commission require that they operate with the framework of a common Code of Practice. We have prepared and issued a new 'Code of Audit Practice' which came into effect in November 2001. The new code places an increased emphasis on corporate governance, risk management and performance audit and will ensure that high standards of public audit operate consistently over most of the public sector in Scotland.

Reviewing the quality of auditors' work and providing technical guidance

We provide guidance and support to appointed auditors on technical matters by producing relevant and timely publications and responding to technical enquiries. During our first 18 months we:

- issued 40 technical publications including regular Technical Bulletins which give general information on matters of interest on auditors, and Notes for Guidance on specific matters
- responded to over 400 technical enquiries received from auditors.

We also assess and monitor the performance of appointed auditors through a quality assurance process. So far, we have continued to operate the processes that we inherited from the Accounts Commission and the NAO. A survey of the views of health bodies for 1999/2000 audits also showed that, even during this transitional time, client satisfaction with the work of auditors has increased. We are now reviewing these arrangements with a view to

We are striving to deliver more rounded and accessible audit products incorporating both financial and performance issues.

creating a single quality process for all audits. We aim to develop a system that will include client satisfaction as a key measure of performance.

Performance audit and audit review

We are striving to deliver more rounded and accessible audit products incorporating both financial and performance issues. An example of this is the NHS overview report produced for the Auditor General. This particular report led to:

- two meetings of the Audit Committee, including an evidence session on pressures in the NHS in Glasgow, and a report to the Parliament
- an investigation into the problems in the NHS in Tayside, with further hearings and reports by the Auditor General and the Audit Committee.

We have responded quickly to requests for investigations and reports.

- The Audit Committee asked the Auditor General for an examination of the Holyrood project in spring 2000, and a comprehensive report was laid before Parliament in September 2000.

Since April 2000 we have published:

Three overview reports

- NHS in Scotland 1999/2000
- Local authority audits 1999/2000
- Further education colleges in Scotland

Four audit reviews for the Auditor General

- The new Scottish Parliament building
- NHS bodies in Tayside
- Governance and financial management at Moray College
- The new trunk roads contracts in Scotland

Five statutory reports to the Accounts Commission

- Inverclyde Council (three reports)
- Dumfries and Galloway Council (externalisation of residential homes for older people)
- Scottish Borders Council (overspend by the council's education department)

Over 30 performance audit reports including:

- domestic services in hospitals
- a baseline report on the youth justice system.

A full list of publications is appended.

- We have concluded, for the Auditor General, an examination into the letting of the trunk road contracts which started in April. Progress was delayed by court action.
- We have produced reports for the Accounts Commission

on Inverclyde Council, Dumfries & Galloway Council and Borders Council.

We also conduct studies and reviews into performance and value for money. Our work is based on close links between

national performance audit work, which identifies and researches a particular issue to identify current performance and good practice, and local performance audits which apply these findings to individual audited bodies. To date, we have researched and published over 30 performance audit reports covering issues ranging from domestic services in hospitals to a baseline report on of the youth justice system.

We have also contributed significantly to the development of cross-cutting indicators, in part, through our duty to set performance indicators for local authorities as well as through our involvement in the Community Planning Task Force.

Forward programme of work

We have consulted on an integrated forward work programme for the Auditor General and the Accounts Commission, taking account of the criteria which they have agreed. We have sought the views of the Audit Committee of the Parliament, subject committees, the Scottish Executive, audited bodies and other stakeholders.

Forward work programme

Education and children schools PFI contracts, special education needs

Housing and the environment trading standards, trunk road maintenance, follow-up work on Scottish Environment Protection Agency

Community care homecare for older people, commissioning community care services for older people, management of community equipment and adaptations

Health – clinical out-patient services, ward nursing, follow-up to GP prescribing, hospital prescribing

Health – non-clinical waste management, medical equipment, follow-up to hospital cleaning, hospital catering

Enterprise and lifelong learning local economic forums, performance management in the Scottish Further Education Funding Council

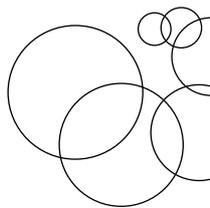
Justice youth justice

Generic management issues PFI contracts, follow-up to early retirement

The programme was approved by the Auditor General and the Accounts Commission in October 2001. Future programmes will be approved annually.

In addition to the above, we are also committed to producing **overview reports** on the audits of local authorities, health bodies,

further education, and the Scottish Executive; **statutory reports** to the Accounts Commission on specific issues arising from local government audits and **reports to Parliament** (on behalf of the Auditor General) on issues emerging in other areas.



In our first 18 months, over 27,000 documents were downloaded from our website.

Creating an organisation that works

In our first 18 months we laid the foundations for the new organisation. Much work has still to be done and we will continue to review our progress in this important area. One of our priorities is to ensure that we have effective internal communications within and across our network of offices. Progress so far includes the following:

- new governance arrangements have been put in place
- a fifth member has been recruited to the Audit Scotland board subsequent to the post being advertised in line with the Nolan principles. The appointee, Phil Taylor, takes an independent role in board discussions and is chairman of the audit and remuneration committees
- an organisational structure has been agreed and implemented and the key management posts have been filled with the appointment of the Deputy Auditors General and seven directors who report to them
- all staff, formerly of the Accounts Commission and the NAO in Scotland, have been transferred or matched to posts

in the new organisation and a new package of pay, terms and conditions has been introduced

- the number of Audit Scotland staff has increased from 194 to almost 240. This growth reflects our new responsibilities under the Public Finance and Accountability (Scotland) Act and an increased share of audit work carried out by in-house audit staff rather than external providers.

Making our work more accessible

We have launched the Audit Scotland website and all our reports are available to download free of charge. In our first 18 months, over 27,000 documents were downloaded.

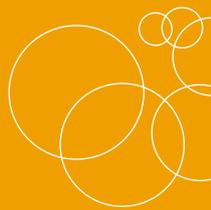
Holding us to account

We have produced the first Audit Scotland corporate plan. We believe that this will enable us to demonstrate Best Value in our own work.

Audit Scotland exists to provide services to the Auditor General and the Accounts Commission. We have produced the first Audit Scotland corporate plan setting out how we will achieve their strategic goals and objectives. The Audit Scotland corporate plan was issued in September and like all of our publications is available for free download from our website.

Our priorities from October 2001 to March 2003 are:

- **delivering the audit**
- **supporting effective democratic scrutiny and continuous improvement through the audit process**
- **maximising the value and benefit of audit**
- **creating an integrated organisation with effective business processes**
- **supporting our learning and growth by;**
 - enhancing knowledge management
 - developing a performance culture
 - achieving a positive employee climate.



We have also committed to setting ourselves a set of performance indicators which will be used to monitor and report our progress. These will include:

- **delivery of agreed audit outputs**
- **costs of audit work**
- **time from receipt of accounts to sign off**
- **number of accounts signed off within target date**
- **client satisfaction rating**
- **quality review rating**
- **action taken in response to reports**
- **achievement of potential savings and improvements identified**
- **establishment of forums for:**
 - **staff consultation**
 - **consultation with audited bodies**
 - **consultation with audit providers.**
- **indicators on people, staffing, training and development**
- **indicators for information technology.**

In his strategic statement, *'Public Audit in Scotland'*, the Auditor General identified ten themes for public audit.

1. Supporting democratic scrutiny.
2. Focusing on governance and financial stewardship.
3. Challenging and supporting public bodies to achieve continuous improvement in their services.
4. Responding to new forms of accountability.
5. Taking a citizen perspective.
6. Using information effectively to monitor and assess performance.
7. Working with auditors to develop a relationship which is both innovative and responsive, while continuing to improve quality and efficiency.
8. Strengthening partnerships with regulators, inspectors and funding bodies.
9. Working with other audit agencies.
10. Establishing Audit Scotland as an effective, well-managed organisation which meets the standards expected of other public bodies.

In its *'Strategy 2001–2004'* the Accounts Commission states its objectives as:

- maintaining propriety in local government, working with all other agencies to promote sound stewardship and high standards of conduct
- positioning the Commission as the advocate of improved performance in the interests of citizens as users and paymasters of local government services
- working with the Auditor General for Scotland and the Scottish Parliament to improve the process of accountability in the public sector in Scotland
- developing the contribution of the audit and inspection process to performance assessment and continuous improvement in local authority services, under Best Value.

Financial overview

This financial overview covers Audit Scotland's first 12 months of operation to the period ending 31 March 2001

During the year we spent £15.5 million on services for the Auditor General and the Accounts Commission. Sources of our income and an analysis of expenditure are shown opposite. To meet our legal obligations we make charges to audited bodies that are broadly equivalent to our expenditure taking one year with the next. We also receive direct funding from the Scottish Consolidated Fund.

The Scottish Commission for Public Audit (SCPA) appointed Mazars Neville Russell as our auditors for a three-year period. An unqualified audit certificate was placed on our accounts. Extracts from our accounts are provided in Appendix 2. The full accounts are available from Audit Scotland headquarters and can be downloaded from our website.

Sources of income

We recover our costs partly through charges to audited bodies and partly through direct funding from Parliament. Our income from charges in the year was £12.2 million.

| Source of income | £000 | % |
|---------------------------------|---------------|----|
| Fees paid by health bodies | 3,621 | 29 |
| Fees paid by local authorities | 7,690 | 63 |
| Fees paid by Scottish Executive | 717 | 6 |
| Bank interest | 145 | 1 |
| Miscellaneous | 37 | <1 |
| Total | 12,210 | |

Additionally, we received £4.2 million in funding from the Scottish Consolidated Fund.

Analysis of expenditure

Nearly 80% of our expenditure was spent on staff and fees to auditors.

| Analysis of expenditure | £000 | % |
|---|---------------|----|
| Staff and members' costs | 7,844 | 50 |
| Fees and expenses to appointed auditors | 4,128 | 27 |
| Buildings, rent and depreciation | 1,058 | 7 |
| Operating costs | 2,513 | 16 |
| Total | 15,543 | |

Staff and members' costs

During the year, the average number of directly employed staff was 195. The number of staff, excluding the Auditor General, whose salaries were over £70,000 was three.

The remuneration of the Chairman of the Accounts Commission was £20,092. The average number of other members of the Commission throughout the period was ten and their remuneration was:

| | |
|---------------------|-------------|
| Deputy chairman | £7,911 |
| Other Commissioners | £3,927 each |

No costs were incurred during the year in making payments to the Audit Scotland board. The remuneration of the non-executive board member appointed in August 2001 will be reported in future years.

Payment to suppliers

We aim to pay all invoices not in dispute within 30 days or the agreed contractual terms. Of a sample of invoices monitored during the year, 87% were paid on, or before the due date.

Publications

The publications listed below are available free of charge from the Audit Scotland website: www.audit-scotland.gov.uk

Accounts Commission Annual Report 2000
Accounts Commission Strategy 2001-2004
A clean bill of health? A review of domestic services in Scottish hospitals
A good start: Commissioning pre-school education
A job worth doing: Raising the standards of internal audit in Scottish Councils
Audit Scotland corporate plan
A measure of protection: A baseline report on performance measurement in the Scottish Environment Protection Agency
A safer place: revisited
Benchmarking refuse collection:
A review of councils' refuse collection services
Code of audit practice
Commissioning community care services for older people: Applying a Best Value framework
Common data, common sense:
Modernising information management in councils
Council profiles 1998/99
Council profiles 1999/2000
Data compendium 1999/2000
Dumfries and Galloway Council - report on externalisation of residential homes for older people
Early retirement: A note for Council Managers
Equipped to care: Managing medical equipment
Getting to know your services
Governance and financial management at Moray College
Homing in on care: A review of home care services for older people
How are we doing? Measuring the performance of community safety partnerships
In good supply: Managing supplies in the NHS in Scotland
Local and national information requirements for social work in Scotland – Joint review
Local Healthcare Co-operatives bulletin: Paying dividends
Making progress with Best Value: A national overview of the performance management and planning audit 1999/2000
Managing people in the NHS in Scotland
Managing rent arrears
Mind the gap: Management information for outpatient services
NHS bodies in Tayside
Overview of further education colleges in Scotland
Overview of the 1999/2000 local authority audits
Overview of the NHS in Scotland

APPENDIX 1: PUBLICATIONS

Performance information pamphlets on the following services:

- Regulatory services
- Benefits, Finance and Corporate issue
- Education services
- Environmental services
- Leisure and libraries
- Housing services
- Social work
- Fire and Police

Performance management and planning (PMP) audit

Performance management and planning: Corporate and service level audit guides

Public audit in Scotland: A strategic statement by the Auditor General

Safe and sound: A study of community safety partnerships in Scotland

Statement of responsibilities of auditors and of audited bodies

Statutory performance indicators: Consultation for 2001-2002

Statutory report on Scottish Borders Council (overspend by the council's education department)

Statutory reports on Inverclyde Council (May 2000, January 2001, May 2001)

The Agricultural Business Improvement Scheme

The map to success: Using process mapping to improve performance

The new Scottish Parliament building

The new trunk road contracts in Scotland

Waste management in Scottish hospitals

Youth justice in Scotland: A baseline report

Extracts from our accounts

Operating Cost Statement for the year ended 31 March 2001

| | |
|----------------------------|-----------------|
| Administration costs | £000 |
| Staff costs | 7,844 |
| Other administration costs | 7,699 |
| Gross administration costs | <u>15,543</u> |
| Operating income | <u>(12,210)</u> |
| Net operating cost | 3,333 |

There were no discontinued operations during the period, neither were there any recognised gains or losses other than the reported results for the period as detailed above.

APPENDIX 2: EXTRACTS FROM OUR ACCOUNTS

Balance Sheet as at 31 March 2001

| | | |
|-------------------------------------|--------------|-----------------------|
| Fixed assets | £000 | £000 |
| Tangible assets | | 342 |
| Current assets | | |
| Debtors | 2,765 | |
| Cash at bank and in hand | 180 | |
| | <u>2,945</u> | |
| Creditors | | |
| Amounts falling due within one year | <u>1,818</u> | |
| Net current assets | | <u>1,127</u> 1,469 |
| Provision for early retirement | | <u>(755)</u> |
| Net assets | | <u>714</u> |
| Taxpayers' equity | | |
| General Fund | | <u>714</u> |

APPENDIX 2: EXTRACTS FROM OUR ACCOUNTS

Cash Flow Statement for the year ended 31 March 2001

| | £000 |
|---|---------|
| Net cash outflow from operating activities | (3,631) |
| Capital expenditure and financial investment | (389) |
| Financing from the Consolidated Fund (supply) | 4,200 |
| Increase in cash in the period | 180 |

Reconciliation of operating cost to operating cash flows

| | |
|--|----------------|
| Net operating cost | (3,333) |
| Adjust for non-cash transaction | 279 |
| Payables transferred from Accounts Commission | (4,041) |
| Recoverables (including cash) transferred from Accounts Commission | 3,836 |
| Debtors at 31 March 2001 | (2,765) |
| Creditors at 31 March 2001 | 2,573 |
| Adjust for cash balance due to consolidated Fund | (180) |
| Net cash outflow from operating activities | (3,631) |

Capital expenditure and financial investment

| | |
|--------------------------|------------|
| Purchase of fixed assets | <u>389</u> |
|--------------------------|------------|

Analysis of financing

| | |
|-------------------------------------|-------|
| From Consolidated Fund (Supply) Net | 4,200 |
| Decrease in cash | 180 |
| Net cash requirement | 4,020 |



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