

Audit Scotland Corporate plan: 2007-10



Auditor General for Scotland

The Auditor General for Scotland is the Parliament's watchdog for ensuring propriety and value for money in the spending of public funds.

He is responsible for investigating whether public spending bodies achieve the best possible value for money and adhere to the highest standards of financial management.

He is independent and not subject to the control of any member of the Scottish Executive or the Parliament.

The Auditor General is responsible for securing the audit of the Scottish Executive and most other public sector bodies except local authorities and fire and police boards.

The following bodies fall within the remit of the Auditor General:

- departments of the Scottish Executive eg, the Health Department
- executive agencies eg, the Prison Service, Historic Scotland
- NHS boards
- further education colleges
- Scottish Water
- NDPBs and others eg, Scottish Enterprise.

The Accounts Commission

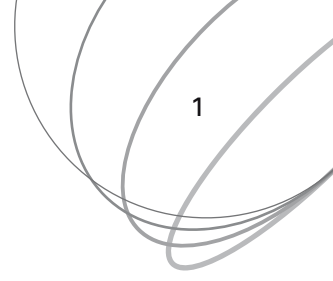
The Accounts Commission is a statutory, independent body which, through the audit process, assists local authorities in Scotland to achieve the highest standards of financial stewardship and the economic, efficient and effective use of their resources. The Commission has four main responsibilities:

- securing the external audit, including the audit of Best Value and Community Planning
- following up issues of concern identified through the audit, to ensure satisfactory resolutions
- carrying out national performance studies to improve economy, efficiency and effectiveness in local government
- issuing an annual direction to local authorities which sets out the range of performance information they are required to publish.

The Commission secures the audit of 32 councils and 35 joint boards (including police and fire and rescue services). Local authorities spend over £14 billion of public funds a year.

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Executive and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Introduction by the Auditor General and the Chairman of the Audit Scotland Board

We are pleased to introduce Audit Scotland's Corporate Plan for 2007-10. It builds on our previous plans and sets out the activities that Audit Scotland will undertake in support of the Auditor General and the Accounts Commission. While public services in Scotland continue to experience significant change, our overall strategic direction remains clear. Our twin aims of holding to account and helping to improve remain the focus of our work and our three corporate priorities are:

- supporting effective democratic scrutiny
- maximising the value of the audit
- building an effective and efficient organisation.

An independent, transparent and evidence-based public audit regime is one of the foundations of good government. Our work supports improvement, sound governance, stewardship, management and the democratic process by holding public bodies to account and by supporting MSPs and ministers in carrying out effectively their scrutiny functions. Our work also provides councillors and board members of over 200 public bodies covered by the public audit regime with reports that assist them in fulfilling their scrutiny responsibilities at the local level. At the same time, our reports are generally designed to challenge and support managers in the continuous improvement of public services.

Public audit is underpinned by three principles, to which we remain committed:

- The independence of public sector auditors from the organisation being audited.

- The wide scope of public audit, covering not only the audit of financial statements, but also regularity, probity, governance and value for money.
- The ability of public auditors to make the results of their audits available to elected representatives and to the public.

The proper and effective use of resources in the public sector in Scotland continues to be the focus of our work. As well as delivering on issues of governance, probity, performance and efficiency we will consider the impact of our work, taking into account the experiences of service users. We will plan our work according to the main priorities and risks in public services, and continue to respond to major strategic challenges across sectors.

We also remain committed to demonstrating the public value of audit. We welcome the Independent Review of Regulation, Audit, Inspection and Complaint Handling and the Auditor General and Accounts Commission will continue to contribute to the thinking of the review. We aim to maximise the impact of our work, while minimising the burden on public bodies and we are already working in partnership with other scrutiny organisations to achieve this goal. However, there is more to be done and Audit Scotland will continue to work constructively with others in the development of a proportionate, risk-based and effective scrutiny regime.



Robert W Black
Auditor General

Robert W Black



Alastair MacNish
Chairman,
Audit Scotland Board

Alastair MacNish

Audit Scotland's role

Audit Scotland provides services to the Auditor General for Scotland and the Accounts Commission. We operate under the Public Finance and Accountability (Scotland) Act 2000 and our role is to:

- deliver comprehensive public audit
- promote high standards of governance, stewardship and management
- support service improvements and best value
- report in the public interest.

Audit Scotland supports the Auditor General and Accounts Commission in holding public bodies to account and helping them improve. Auditors appointed to undertake the audit of public bodies provide independent, objective assurance on audited bodies' governance, financial stewardship and performance. The auditors' assessments of these arrangements are reported to the audited bodies and to the Auditor General or to the Accounts Commission. The final reports which

are prepared by auditors at the end of their annual audits are available to the public on Audit Scotland's website, www.audit-scotland.gov.uk

Audit Scotland manages the appointment of auditors to audited bodies on behalf of the Auditor General and the Accounts Commission. In 2006, new five-year audit appointments were awarded following European competition. Auditors are a mixture of direct employees of Audit Scotland and firms of accountants. Audit Scotland also operates a robust quality appraisal regime across all audit appointments.

Sector expertise

We will continue to build our understanding of the management and delivery of public services, focusing on health, local government and central government. Our sector knowledge not only improves our client-facing work but increases our capacity to report to stakeholders effectively on national issues. Our business planning process is based around these three sectors, providing

a more seamless approach to our work. In this way we can maximise the impact of our work and minimise the burden on audited bodies.

Many important spending programmes involve partnership working across the public sector. Our growing sectoral expertise strengthens our ability to consider cross-cutting issues, focusing on the use of resources by different public bodies. Our forward work programme (see [Appendix 3, page 17](#)) includes 14 cross-cutting national projects.

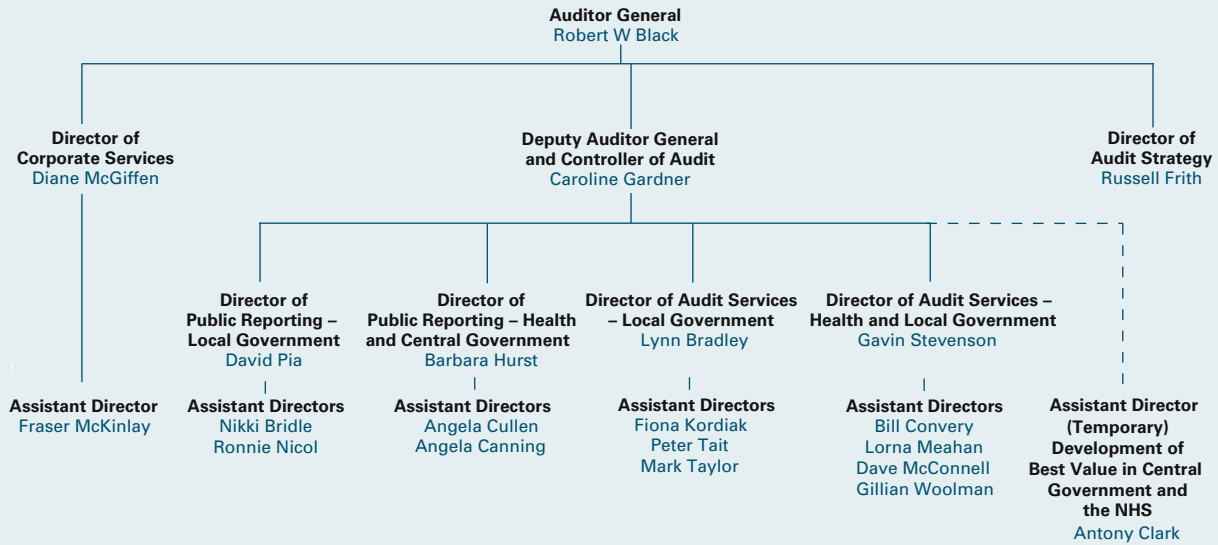
Governance

In accordance with legislation, Audit Scotland's Board consists of five people: The Auditor General, the Chairman of the Accounts Commission and three other members. These are John Baillie, a member of the Accounts Commission; Phil Taylor, non-executive member; and Caroline Gardner, Deputy Auditor General.

The board has an audit committee which appoints our internal auditors

Exhibit 1

The Audit Scotland Management Team



and receives our annual accounts and internal audit reports. Our current internal auditor is Chiene and Tait.

The board also has a remuneration committee which sets and appraises the salaries of senior staff (excluding the Auditor General for Scotland whose salary is set by the Parliamentary Corporate Body) and the main terms and conditions for all staff.

Our external auditors are appointed by the Scottish Commission for Public Audit (SCPA), which also considers our annual requirement for Parliamentary funding and reviews our annual accounts and report. Our external auditor is Haines Watts. The SCPA can commission economic, efficiency and effectiveness studies on Audit Scotland. Neither our internal or external auditors have any professional relationship with us.

Audit Scotland's Management Team is responsible for the day-to-day running of the business. The Management Team is chaired by the Auditor General, who is Audit Scotland's Accountable Officer and

includes Caroline Gardner, Deputy Auditor General, Russell Frith, Director of Audit Strategy and Diane McGiffen, Director of Corporate Services. A high-level organisation chart is shown above (Exhibit 1).

Audit Scotland is committed to ensuring the highest levels of ethical governance in its work. We will continue to review our policies and processes following the issue of the Code of Ethics by the International Federation of Accountants and the adoption of the Code by the UK accounting institutes. All Audit Scotland staff must comply with the Ethical Standards issued by the UK Auditing Practices Board and we have appointed the Director of Audit Strategy as our 'Ethics Partner'.

Values

Audit Scotland adheres to a code of conduct that sets out the standards we expect of staff. The code incorporates the seven principles identified by the Nolan committee on Standards in Public life:

- Selflessness.

- Integrity.
- Objectivity.
- Accountability.
- Openness.
- Honesty.
- Leadership.

Based on these principles, Audit Scotland has identified four values that underpin everything we do:

- Effective communication.
- Quality.
- Commitment to learning and improvement.
- Respect.

Quality

Audit Scotland is committed to ensuring the highest quality standards in all of its work. We have a well developed process for managing our work and we adhere

to Auditing Standards. Our *Code of audit practice* was revised in 2006 and we continue to keep it under review.

Our commitment to quality is inherent in everything we do. In Audit Scotland, this commitment embraces:

- the people who work for us and with us
- the way we do our work
- the impact of our work.

A corporate framework for managing, reviewing and improving quality has been implemented across the organisation. It has established three key principles that underpin all approaches to quality management in Audit Scotland:

- Quality is the responsibility of everyone in Audit Scotland.
- Our approach to quality will drive continuous improvement across Audit Scotland.
- Quality will be measured in terms of outputs and outcomes, as well as inputs and processes.

Externally, Audit Scotland contributes to the development of accounting, auditing and governance standards through participation in a number of standard setting bodies in Scotland, the United Kingdom and internationally. We also contribute to various advisory groups and task forces aimed at developing the standards of public service delivery in Scotland.

Efficiency and effectiveness

The SCPA commissioned an economy, efficiency and effectiveness study by external audit to study our fees and charges. The study:

- assessed the proportion of funding which is re-deployed to cover direct and indirect costs
- compared and contrasted the fees charged by Audit Scotland and those charged by the firms
- compared and contrasted the fees charged by Audit Scotland against the fees charged for similar-sized authorities in England
- considered our approach to ensuring that the fees are used to provide an added value external audit service.

The external auditors concluded that:

- our fee levels compare favourably against the audit fees charged for similar-sized authorities in England
- our running costs (or indirect costs), as a proportion of the total fee charged, has in overall terms fallen since 2004/05.

The audit also highlighted areas where there is scope for further development and improvement and our corporate plan addresses these.

Audit Scotland also undertakes an annual internal audit programme and we continue to implement our programme of internal best value reviews. All of this activity is designed to assess the efficiency and effectiveness of our processes and procedures and identify improvements to the way we work. In 2007/08, we will undertake two internal Best Value reviews focusing on different parts of our business.

Running costs

During 2007/08, we will deliver an efficiency saving of £160,000 in management costs. This saving represents over ten per cent of total management salary costs.

Our overall budget has increased by only three per cent although some of our costs, such as fees to approved auditors (the firms), have increased by four per cent to reflect the impact of adopting International Standards. Audit Scotland is meeting the new standards at no additional cost, resulting in savings in charges to audited bodies of £139,000.

Audit charges

The cost of NHS audits overall will be reduced by £75,000 arising from the dissolution of NHS Argyll & Clyde. In NHS audits, the final element of cost reduction arising from the abolition of trusts will be in place for 2006/07 audits, meaning that the total recurring annual savings are £264,000.

Risk management

Audit Scotland has a robust approach to managing risk. The Management Team is responsible for the strategic management of risk in the organisation, primarily through the corporate risk register which is regularly reviewed and updated. At an operational level, directors and senior managers are responsible for managing risk within their areas of responsibility.

Audit Scotland has a Business Continuity Plan to minimise the impact of major incidents on the work undertaken by the organisation.

Staffing

Audit Scotland employs around 280 people at sites across Scotland. We have offices in Edinburgh, East Kilbride, Inverness and Aberdeen. We are committed to equality and diversity, recruiting, retaining and developing the best quality people and our management policies and practices are designed to support this. Audit Scotland runs a graduate training scheme.

Audit Scotland supports and encourages the membership of professional institutes by its staff. Around 190 people are members of professional institutes, which helps us ensure the professional quality of our staff. In addition, our own staff development scheme has been accredited by the following professional institutes as meeting their continuing professional development requirements:

- Chartered Institute of Public Finance and Accountancy.
- Institute of Chartered Accountants in England and Wales.
- Institute of Chartered Accountants in Scotland.

Freedom of Information and our publication scheme

Audit Scotland has adopted a 'business as usual' approach to Freedom of Information (FOI) and continues to provide information whenever we are able to do so. Where we believe an exemption might apply under the legislation or the request is difficult or complex, it is referred to our internal FOI panel for decision. We only record requests which are referred to the FOI panels or are replied to late. In keeping with good practice we have published a disclosure log on our website.

As a result of the FOI Act we have reviewed the way we store and manage our information and we are implementing during 2007 an electronic document and records management system to help improve efficiency and effectiveness and support compliance with information legislation.

Sustainability

Audit Scotland is committed to the principle of sustainability and will

endeavour to reduce the impact of our work on the environment. We have developed an environmental strategy that focuses on key areas where Audit Scotland has its biggest environmental impact. Audit Scotland has set environmental objectives for:

- Energy – initial two per cent reduction, then one per cent per year.
- Water – to achieve the benchmark level of 7,700 litres per person per year.
- Paper – reduce usage by five per cent and print all reports on paper with a recycled content of 80 per cent (SE target 50 per cent).
- Sustainable purchasing – use sustainable/fairtrade products for meetings and consider environmental aspects in purchasing decisions.
- Transport/travel – encourage the use of public transport and reduce business mileage by five per cent and taxi journeys by five per cent in year one.

Audit Scotland has and will continue to raise awareness of environmental issues with staff. We will report our progress on our environmental objectives in our annual report and on our website.

Diversity

During 2006, we continued our work on mainstreaming diversity and equality, using the Diversity Excellence Model. We produced an action plan to take forward our work on diversity and equality and we will be continuing to implement this in 2007-08. This incorporates our responsibilities in relation to race, disability and gender equality in the public sector. In 2006, we published our Disability Equality Scheme and

action plan on our website. During 2007, we will be developing further our work on mainstreaming diversity by providing all staff with diversity and equality training and progressing our action plan.

We will publish our gender and equalities scheme by June 2007 and will then work to combine all our equality schemes. We will begin a project to review our grading and pay structures to ensure compliance with age discrimination legislation.

Understanding issues of diversity and equality is important not only for how we run Audit Scotland itself, but also for working with our clients and stakeholders, all of whom have to consider diversity in the day-to-day delivery of public services. The next phase of the development process will consider how we build in issues of diversity and equality to our core audit work.

International work

Audit Scotland will continue to be involved in international activities. We will work with partners in the delivery of international assignments, primarily in Eastern Europe and Africa. In the past 12 months we have been involved in work in Uganda, Bulgaria and Lithuania, among others. We regularly host visits from overseas audit agencies, and in the past year have welcomed delegations from Japan, USA, Sweden, Russia and the Republic of Ireland. Our international work provides an excellent opportunity to share and gain knowledge of approaches and experiences of audit and supports our wider role in promoting good governance and public service improvement. We look forward to welcoming more visitors in 2007-08.

Strategic context

Our involvement in the audit of all public services in Scotland, covering over 200 organisations including the Scottish Executive and the Scottish Parliamentary Corporate Body, gives us an unique insight into the issues facing public sector managers, appointed board members and elected representatives. Our work will continue to be informed by the major priorities and risks in the public sector in Scotland. We will focus on the issues that matter to elected representatives and board members, as well as significant cross-cutting issues we identify in the course of our work.

The audits of public bodies are developed on the basis of a robust risk assessment, at both national and local levels. Local audit plans are developed with and agreed by the audited body and cover a wide range of issues relating not just to financial statements, but also to issues of governance, probity and performance.

Our national *Programme of Performance Audits*, published in February 2007, has been developed

following extensive consultation with key stakeholders across Scotland (see [Appendix 3, page 17](#)). The programme will generate performance reports on major public policy themes, including environmental sustainability, educational performance, health, asset management and criminal justice. We will also publish reports that will contribute to post legislative scrutiny, Best Value and the efficient government agenda.

The key strategic factors in our operating environment over the next three years are likely to be:

- in the context of a tightening budgetary environment, the continuing need to provide improved public services more efficiently
- the application of the best value principles in appropriate ways across all public services
- the extent and respective roles of audit, regulation and inspection

- changing public expectations of public services
- the elections of 2007, with the introduction of proportional representation in local government and the changes in local governance that may result
- wider developments in public service reform and improvement, including experiences from the rest of the UK.

We will continue to contribute to the ongoing debate surrounding public service reform in Scotland, using the evidence that we have from our audits on what works best in the management of public services and where improvements are needed.

Our corporate priorities

Priority one – Supporting effective democratic scrutiny

This priority relates to our role in ensuring good governance in public services and helping MSPs, councillors and board members to carry out effectively their scrutiny and improvement functions. We do this by preparing independent and objective reports and by working closely with the accountancy firms, other scrutiny bodies and the organisations we audit.

We need to:	We will do this by:	We will measure progress by:
Engage effectively with elected members and appointed board members.	<p>Providing briefings and speaking at conferences and seminars, making presentations at audit committees.</p> <p>Continuing to improve how we report our analyses and findings.</p> <p>Developing our approach to client relationship management.</p>	Assessing the extent to which our reports result in actions to deliver improvements.
Help the Scottish Parliament understand and act on the challenges, demands and opportunities facing public services in Scotland.	Bringing to the attention of the Scottish Parliament, through the performance audit programme and Section 22 reports, issues relating to good governance, accountability and performance in the public services in Scotland.	Seeking feedback from the Audit Committee and other elected representatives.
Focus on sound financial management, high standards of governance and anti-fraud work in the public sector.	<p>Continuing, in partnership with the accountancy firms, to deliver and report on the audits of over 200 public sector bodies, focusing on sound financial management and probity.</p> <p>Leading the National Fraud Initiative (NFI) in Scotland.</p> <p>Assuming the functions of the Benefit Fraud Inspectorate in Scotland from 1 April 2008.</p>	<p>Assessing, through our overview reporting arrangements, the overall state of financial management and governance in the public sector in Scotland.</p> <p>Assessing the amount of fraud identified through the NFI in Scotland.</p> <p>Preparing and presenting Section 22 reports to the Scottish Parliament.</p>

Priority one continued

We need to:	We will do this by:	We will measure progress by:
<p>Deliver on the issues that are important to elected members and those they represent.</p>	<p>Continuing to deliver the programme of Best Value audits in local government and our programme of work focusing on national issues.</p> <p>Developing our approaches to the audit of Best Value in health and central government.</p>	<p>Confirming with clients and stakeholders that we are focusing on the issues that matter.</p> <p>Monitoring feedback from the review of Best Value which has sought stakeholder views.</p> <p>Piloting and evaluating approaches to the audit of Best Value outside local government.</p>
<p>Understand and report on the experiences of service users.</p>	<p>Building the service users' perspective into our method of auditing and reporting.</p> <p>Developing our long-term involvement of people with disabilities through our disabilities equality scheme.</p>	<p>Ensuring that our project and quality management frameworks provide for the inclusion of the service users' perspective in our work.</p> <p>Monitoring the inclusion of user views in our reports.</p> <p>Asking service users who are involved in our work whether they feel their views have been reflected in reports.</p>
<p>Ensure our reports are clear and timely to achieve maximum impact.</p>	<p>Continuing to apply a planned approach to the publication of our reports to achieve maximum impact.</p>	<p>Undertaking a survey of our clients and stakeholders, including the public and assessing the extent to which our work has been a catalyst for change.</p>
<p>Work effectively with other scrutiny bodies across the UK to maximise the impact of our work.</p>	<p>Collaborating more closely with other scrutiny bodies to better understand other models of public audit and inspection.</p> <p>Playing an active role in the Public Audit Forum.</p>	<p>Assessing the extent to which collaborative working has resulted in better outcomes and/or more efficient working.</p>
<p>Work towards proportionate and risk-based scrutiny in Scotland.</p>	<p>Contributing to the Independent Review of Regulation, Audit, Inspection and Complaints Handling.</p> <p>Working in partnership with other scrutiny bodies.</p>	<p>Seeking feedback from clients, stakeholders and partners on our approach to audit.</p>

Priority two – Maximising the value of the audit

This priority relates to our efforts to enhance the impact of our work. This means continuing to improve our work and developing better measures of its impact.

We need to:	We will do this by:	We will measure progress by:
Continually improve the way we work.	Undertaking internal Best Value reviews on core processes. Continuing to implement our corporate quality management framework, and revising local processes accordingly.	Reviewing the quality of our work through the corporate quality framework.
Maximise the efficient and effective use of our resources through the implementation of sector plans.	Developing, implementing, communicating, resourcing and delivering on our sector plans.	Analysing the impact on our resources and improvements in our effectiveness as a result of implementing our sector plans.
Continue to ensure our work creates public value and has maximum impact at local as well as national level.	Continuing to develop and refine our audit methodologies in relation to the public bodies covered by our audit regime.	Tracking changes that occur as a result of our work and seeking the views of public bodies on the value they get from the work of the auditors.
Use Audit Scotland's unique position to provide an objective and independent analysis of the use of resources in the public sector in Scotland.	Ensuring the processes are in place to maximise the benefits from the knowledge that exists within the organisation about the use of resources. This includes the continued development of: <ul style="list-style-type: none"> • the seamless audit • sector planning • overview reporting. 	Ensuring that our reports generally include use of resources analysis.
Deliver on our commitment to diversity, both in Audit Scotland itself and in the work we do with others.	Progressing our diversity and equality action plan within Audit Scotland and scrutinising diversity arrangements in others.	Reviewing and monitoring the progress of our action plan and measuring progress in relation to our and others' public sector duties as identified in our reports.

Priority three – Building an effective and efficient organisation

This priority relates to the management of our own business. It reflects our commitment to efficient government and securing Best Value in how we manage our financial resources, people and technology.

We need to:	We will do this by:	We will measure progress by:
Ensure our people have the skills and knowledge to meet the changing needs of the organisation and those we work with.	<p>Continuing to roll out our leadership and management development programmes for senior managers across Audit Scotland and maintaining our commitment to professional training.</p> <p>Creating opportunities for secondments, work on joint projects, shared learning and development.</p>	<p>Assessing the impact of development activity in terms of changes to management behaviours across Audit Scotland.</p> <p>Monitoring the performance of our staff in professional examinations.</p> <p>Seeking Investors in People recognition.</p>
Manage our financial resources efficiently.	Continuing to develop the new finance system to further improve the financial management and reporting for Audit Scotland.	<p>Holding our managers to account for their use of resources.</p> <p>Assessing managers use of and satisfaction with the financial reporting systems.</p> <p>Continuing to benchmark our charges and costs against those of comparable organisations.</p> <p>Ensuring that our rolling programme of internal audits addresses how we use our resources.</p>
Ensure that we get the most out of the technology available to help us do our jobs.	<p>Continuing our investment in information systems and technology including:</p> <ul style="list-style-type: none"> • a new telephony system • an electronic document and records management system • an enhanced management information system • developing a managed print solution. 	Assessing the effective implementation and take-up of new corporate systems.

Priority three continued

We need to:	We will do this by:	We will measure progress by:
Ensure that our business processes support efficient and effective working.	Continuing to develop and refine our business processes including: <ul style="list-style-type: none"> • information and knowledge management • quality management • client relationship management. Developing our approach to strategic workforce planning. Undertaking a review of our performance information.	Assessing the impact of process improvement activity on the effective and efficient use of resources.
Demonstrate that we are delivering best value in everything we do.	Continuing our programme of internal Best Value reviews.	Careful consideration and implementation of findings from the Best Value reports.

Financial resources

Audit Scotland meets its costs from charges to audited bodies, and from the Scottish Consolidated Fund for activities directly funded by the Parliament. The Audit Scotland Board approves our annual budget and it is subject to scrutiny by the Scottish Commission for Public Audit.

We charge for most annual financial audits and for performance audit work and Best Value audit in local government. Our charging regime aims to link audit charges to outputs, to reflect local circumstances and to allow part of the charge to be agreed between the auditor and the audited body. Charges are set for each audit year (broadly November to October) and therefore each financial year covers part of two audit years.

We are committed to keeping audit fee increases to a minimum and all business units in Audit Scotland are committed to savings targets each year.

Audit Scotland's resource requirements for 2007/08

For 2007/08 Audit Scotland has an operating budget of £25.8 million, plus a capital budget of £523,000 ([Exhibit 2, overleaf](#)). Approximately £19.3 million will be raised through audit charges with the remaining expenditure, £7.1 million, funded by the Scottish Parliament. Our total operating budget represents less than 0.1 per cent of the total sums audited, around £27 billion.

Charges

Under the Public Finance and Accountability (Scotland) Act 2000, Audit Scotland may make reasonable charges for its functions in connection with its audits and studies. In determining its charges Audit Scotland seeks to ensure that the total sum received is broadly equivalent to its expenditure.

[Exhibit 3 \(overleaf\)](#) shows the charges by sector over the past four audit years. The table excludes funding received direct from the Scottish Parliament. It also includes rebates totaling £1.3 million which have been repaid due to the recovery of input VAT from the Inland Revenue and year end flexibility.

[Exhibit 4 \(overleaf\)](#) illustrates the relative contributions to our income from the different sectors we audit. Again, this exhibit excludes funding direct from the Scottish Parliament.

Exhibit 2

Summary of resource requirements, 2007/08

	2007/08	2006/07
	£(000)	£(000)
Accounts and governance	18,241	17,359
Performance audit	7,416	7,610
Other	222	222
Total net expenditure	25,879	25,191
Income from charges to audited bodies	19,294	18,798
Net operating cost	6,585	6,393
Capital	523	508
Total funding from Scottish Parliament	7,108	6,901

Exhibit 3

Charges by sector over the past four audit years

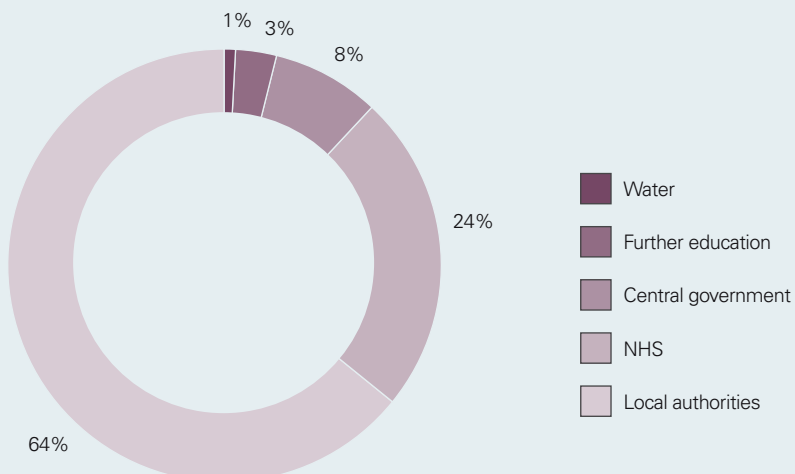
	2003/04	2004/05	2005/06	2006/07*
Local authorities	10,007	11,584	12,027	12,415
NHS	4,105	4,278	4,264	4,224
Water	156	174	192	199
Further education	478	552	588	522
Central government	1240	1,433	1,599	1,498
Rebates: VAT		(40)	(381)	(379)
Rebates: Year end				(502)
Total	15,986	17,981	18,289	17,977

Notes:
* Forecast.

Audit year generally runs from November to October and therefore an audit year straddles two financial years.

Exhibit 4

Average audit fees by sector 2003-07



Appendix 1. Summary of key functions

Auditor General:

- To secure the audit of the Scottish Executive and most other public sector bodies, except local authorities and fire and police boards.
- To report to the Scottish Parliament on the proper, efficient and effective use of public funds.
- To secure the delivery of a programme of performance audits to Parliament, after consultation with Parliament and other stakeholders.
- To act independently, as a Crown appointment and not be subject to the control of any member of the Scottish Executive or the Parliament.
- To promote a public audit regime that is objective, rigorous, open, fair and effective.
- To act as accountable officer for Audit Scotland, with responsibility for its budget and resource management.

Accounts Commission:

- To secure the audit of all accounts of local authorities and associated bodies either by employed staff of Audit Scotland or by firms of accountants.
- To secure the audit of the performance by local authorities of their Best Value and Community Planning duties.
- To undertake or promote Best Value studies in local government.
- To give directions to local authorities on performance information.
- To consider reports made by the Controller of Audit, to investigate all matters raised and to conduct hearings where appropriate.
- To make recommendations to the Scottish Executive and to local authorities.
- To advise the Scottish Executive on local authority accounting matters.

Appendix 2. Best Value audit programme for 2007-09

Aberdeen City	Follow-up audits	The Accounts Commission is currently reviewing the Best Value audit approach and this will inform the scheduling of the second cycle of Best Value audits from 2009.
Aberdeenshire	Argyll & Bute	
Clackmannanshire	Inverclyde	The Commission is also considering how it will carry out Best Value audits for police and fire authorities and these will need to be built into future scheduling.
Dumfries & Galloway	Moray	
East Dunbartonshire	West Dunbartonshire	
East Lothian	Others – as required by the Accounts Commission	
Falkirk		
Fife		
Midlothian		
North Lanarkshire		
Orkney		
Perth & Kinross		
South Ayrshire		
South Lanarkshire		

Appendix 3. National studies planned for publication

Auditor General reports

Central Government	Indicative publication date
Reports in progress	
Estate management in higher education	May 2007
New reports	
How government works: major capital projects	Spring 2008
Prisoner population	Spring 2008
How government works (topic to be confirmed)	Spring 2008
Rail franchise monitoring	Summer 2008
Overview report 1	Summer 2008
Promoting renewable energy	Autumn 2008
Overview report 2	Winter 2008/09
How government works (topic to be confirmed)	Spring 2009

Health	Indicative publication date
Reports in progress	
Primary care out-of-hours services	Summer 2007
NHS performance and financial overview	December 2007
New reports	
Palliative care	Winter 2007/08
General Medical Services contract	Spring 2008
Diagnostic services	Summer 2008
NHS asset management	Autumn 2008
NHS financial overview	December 2008
Follow-up reports	
Using medicines in hospital	Winter 2008

Accounts Commission reports

	Indicative publication date
Reports in progress	
Audits of Best Value and Community Planning in local government	8-12 reports each year
Local government overview	February/March each year
Performance Indicators: local government, fire and rescue authorities and police forces	Various web-based outputs, December each year
Equalities	Winter 2007
New reports	
Leisure services	Summer 2009
Asset management in local government	Summer 2009

Joint AGS/Accounts Commission reports

	Indicative publication date
Reports in progress	
Management of long-term conditions	Summer 2007
Sustainable waste management	Summer 2007
Police call management	Summer 2007
Improving Scotland's school estate	Autumn 2007
New reports	
Free personal care	Winter 2007/08
Civil contingency planning	Summer 2008
Mental health services	Winter 2008
Strategic procurement	Spring 2009
Delivering an integrated transport system	Summer 2009
Follow-up reports	
Dealing with offending by young people	Summer 2007
Community equipment and adaptations	Winter 2008
Road maintenance	2008
The Teachers' Agreement	2009
Community Planning	2009

Audit Scotland Corporate plan: 2007-10

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