

# Corporate plan

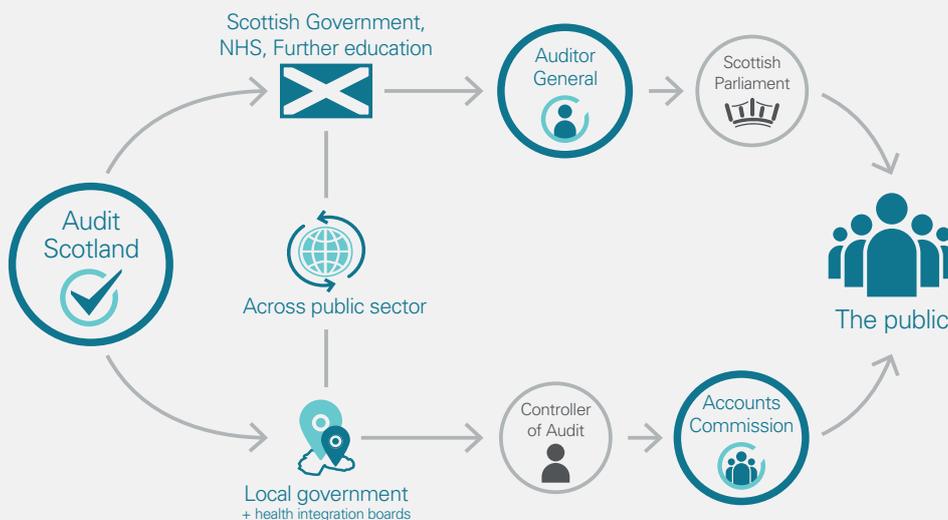


2018-21

# Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- **Audit Scotland** is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.
- The **Auditor General** is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The **Accounts Commission** is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

# Contents

<b>Introduction</b>	<b>4</b>
What we do	6
Our vision	7
Context	8
<b>Audit priorities 2018-21</b>	<b>10</b>
Financial management and governance	10
Devolved financial powers, the fiscal framework and social security	11
Support for parliamentary scrutiny	12
Preparedness for EU withdrawal	12
Service delivery and public sector reform	13
<b>Organisational priorities 2018-21</b>	<b>14</b>
Delivering world-class audit	15
Making a difference	18
Being a better organisation	22
<b>Running Audit Scotland</b>	<b>26</b>
Resources	27
Governance	30
Planning, performance and risk	31
<b>Appendix - Performance summary 2015-18</b>	<b>34</b>

# Introduction



This plan sets out Audit Scotland's vision and strategic priorities for the next three years.

Ian Leitch CBE  
Chair of the Audit Scotland Board

The devolution of taxation and social security powers, tight finances, increasing demands on public services and the withdrawal from the EU present a very challenging and complex environment for the public sector and the wider economy in Scotland.

In this context it's even more important that people have assurance that public money is being spent wisely and that services are as efficient and effective as they can be. Audit Scotland has a key role in ensuring this happens.

Over the three years covered by our previous corporate plan we successfully delivered a wide range of improvements to public audit in Scotland and how we run the organisation. These provide us with very solid foundations on which to improve even further.

In this plan we highlight how Audit Scotland is responding to the major changes taking place across public sector. The plan also sets out how we are developing the organisation to ensure that we deliver high-quality public audit for the people of Scotland.

---

**delivering world-class audit in an uncertain world**

---



Public audit in Scotland is independent, objective and politically neutral. It uses evidence and analysis to provide a clear picture on often very complex issues.

Caroline Gardner  
Accountable Officer and  
Auditor General for Scotland

Audit provides politicians, decision-makers and the public with the information and assurance they need about how well public services are run and how public money is spent. This is even more important in times of change.

The past twelve months have seen unprecedented change in Scotland, the UK and internationally, and it's clear that the future holds even more uncertainty. By 2021 £2.9 billion of social security expenditure will be devolved and over half of the Scottish Budget will be raised directly in Scotland. Over the same period the nature of the UK's relationship with Europe, and the positive and negative consequences of this, should also become much clearer.

---

the quality of  
public audit is  
essential

---

I welcome the Scottish Parliament's new approach to budget development and scrutiny and public audit has an important role to play in supporting parliamentarians and decision-makers in this process.

The value of our audit work lies in providing assurance and supporting improvement and the integrity and quality of public audit is essential. That is why we introduced a new comprehensive [Audit Quality Framework](#)  in 2017, to ensure that audit is carried out to the highest professional and ethical standards.

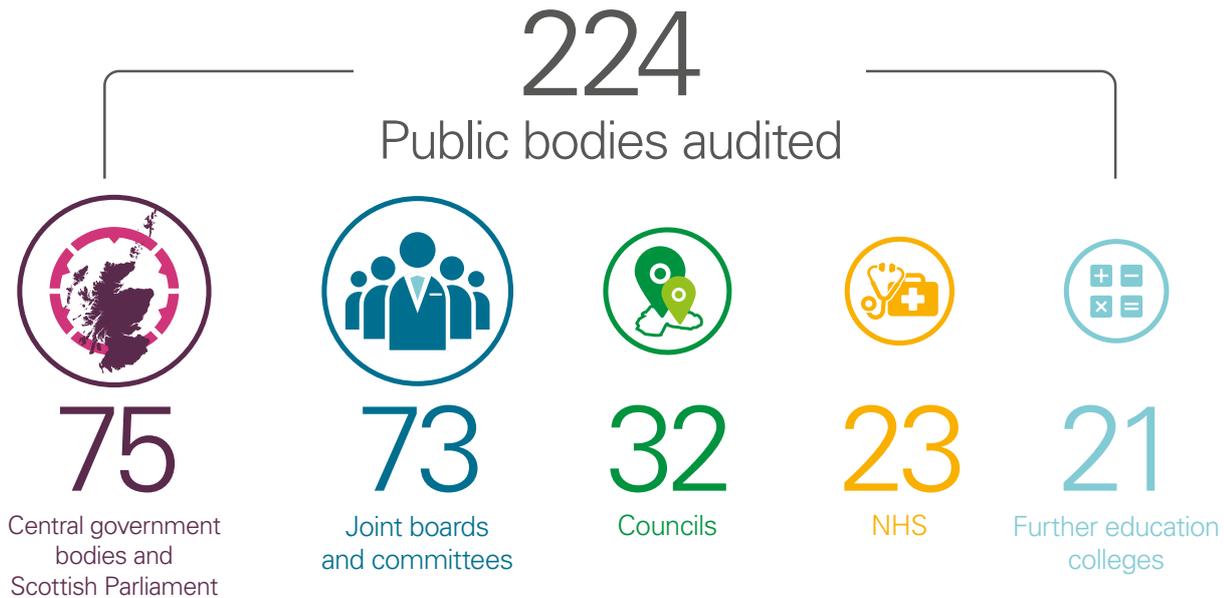
We are also continuing to refine our approach to listening to our stakeholders, to better understand what's important to them and understand what that means for our audit work.

During 2018/19 and beyond, we will continue to ensure that public audit adds value by delivering the commitments set out in this plan.

# What we do

We carry out focused and timely audits to assess the way public bodies spend money, manage their finances and deliver services to help improve outcomes for the people of Scotland.

We audit organisations across the whole of the public sector in Scotland; this provides us with a unique insight into how effectively public money is spent. These organisations currently spend over £40 billion of public money annually.



The Auditor General and the Accounts Commission appoint the auditors. Approximately two thirds of the annual audit work (by value) is done by Audit Scotland and a third by private sector audit firms.

## Each year public audit delivers



# Our vision

The strategy map below sets out our vision and how we will deliver it through our audit work and our strategic improvement programme.



## Our vision

To be a world-class audit organisation that improves the use of public money

### Why we exist

To support the Auditor General for Scotland and the Accounts Commission.

To provide independent assurance to the people of Scotland that public money is spent properly and provides value for money.

### What we do

We carry out relevant and timely audits on the efficiency and effectiveness of public services in Scotland.

We identify risks, report our findings in public, make clear recommendations and follow these up.

-  Risk assessments of public bodies and strategic themes
-  Annual audits of public bodies, Best Value audits, performance audits, national reports, statutory reports
-  Investigate and report on matters of public concern
-  Coordinate scrutiny and fraud investigation work
-  Support the scrutiny of the use of public money
-  Support improvement

## Guiding principles

Independence, integrity and objectivity	Openness and transparency	Quality	Value for money
Impact, innovation and improvement	Diversity, equality and sustainability	Valuing our people	Working with others

## Audit priorities

-  Financial management and governance
-  New financial powers
-  Social Security
-  Supporting parliamentary scrutiny
-  Preparedness for EU withdrawal
-  Service delivery
-  Public sector reform

## Organisational priorities

-  Delivering world-class audit  
Audit quality
-  Making a difference  
Digital audit, follow-up, diversity and equality
-  Being a better organisation  
Highly-skilled workforce, working flexibly, delivering efficiency and effectiveness

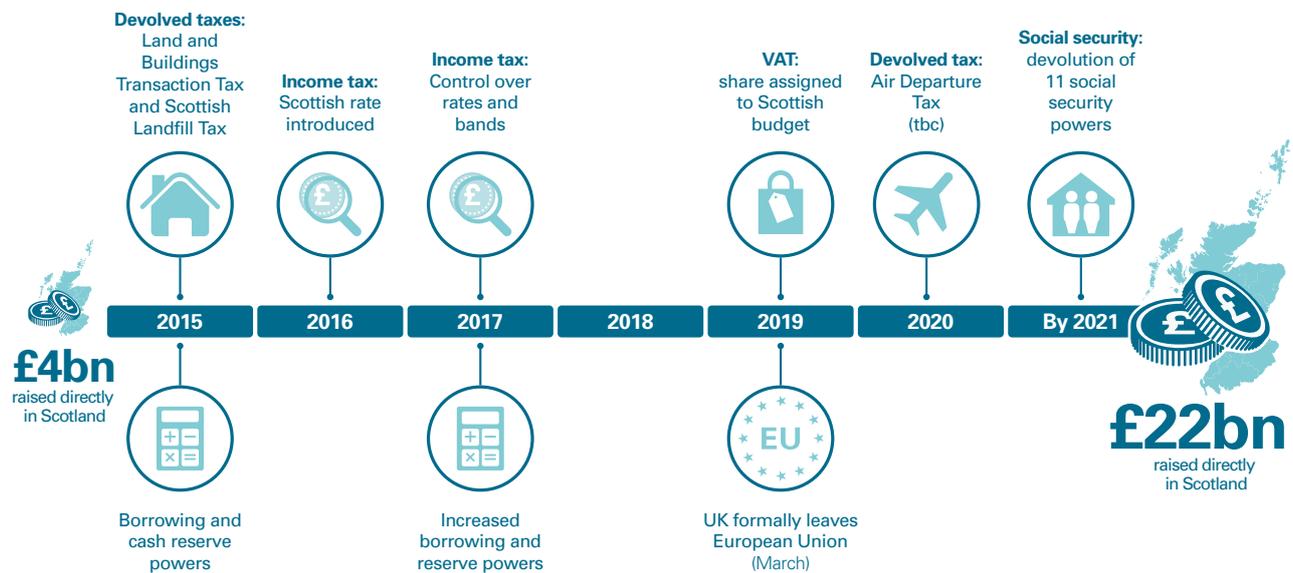
# Context

## Our operating environment

The world we operate in is changing rapidly. It is becoming increasingly uncertain and public services continue to face significant challenges.

The devolution of powers and responsibilities set out in the Scotland Acts of 2012 and 2016 and the accompanying fiscal framework, represent an unprecedented increase in the financial powers of the Scottish Parliament. By 2020, 52 per cent of the Scottish Budget will be raised directly in Scotland compared to just ten per cent in 2014/15.

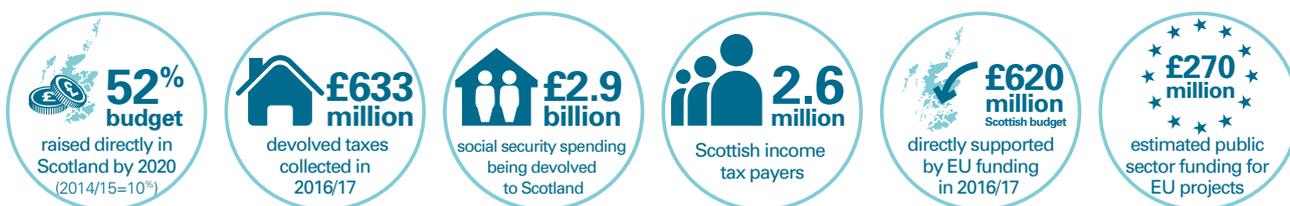
In the coming years, over £2.9 billion of social security expenditure will be devolved to Scotland. The new social security agency will be responsible for payments to an estimated 1.4 million people each year once the agency is fully operational.



The performance of the Scottish economy compared to the rest of the UK will have a greater influence on public finances than ever before. The Scottish Government has more choice over tax and spending, and more decisions to make about how and when to use borrowing and reserve powers.

The outcome of the European Union (EU) referendum, the triggering of article 50 and the options for EU withdrawal bring significant uncertainty. At the time of writing, negotiations are ongoing and it remains unclear what this means for the UK and for Scotland, but it is likely to have implications for Scottish public finances and how they are managed. It also adds more complexity to the environment in which the Scottish Government operates. It also creates capacity pressures on the UK and Scottish governments which need to be managed carefully. Whatever form of 'Brexit' takes place, 'hard' or 'soft', it is likely that there will be wide-ranging consequences for funding streams, including the Common Agricultural Policy and funding for economic development.

## Key facts



As these constitutional changes take place the demand for public services is also changing. There are increasing pressures on services and funding and in particular on health and social care services and in local government.

Significant changes are also taking place to how public services are delivered, including the integration of health and social care services and greater community empowerment. Implementing change is difficult and in recent years we have reported on a number of areas where public sector reform and change management has not gone well.

Services are increasingly being provided in new and innovative ways, through public, private and third sector arrangements. As a result, the lines of responsibility and accountability are increasingly complex. In 2017/18 there have been high profile examples which have highlighted the risks of this complexity and the reliance public service providers can have on third party service providers.

Digital technology will continue to offer transformational opportunities and is central to service delivery. In this context the importance of digital and cyber security and resilience has never been higher.

Our risk assessments and audit work are identifying increased risks in a number of areas across the public sector. For example, we are seeing shortfalls in skills and capacity in 'front line', specialist and 'back office' functions including financial management.

Public money remains tight and there are many challenges facing decision-makers about where best to prioritise the resources that are available. This relies on good leadership, strong governance and effective scrutiny and we consider that the risks are increasing in these areas.

In this complex and challenging environment it is important that independent, objective and authoritative public audit continues to support a strong and effective system of financial accountability and transparency.

In the next sections of this plan we set out our:

- Audit priorities - where we will focus our work to provide assurance and add most value
- Organisational priorities - how we will manage and improve the organisation to meet the challenges ahead.

# Audit priorities 2018-21

We want to ensure that we do the right work at the right time and do it efficiently and effectively. We want the audit work to have a real, positive and lasting impact on public services in Scotland.

Our audit priorities are guided by [Public audit in Scotland](#) , they are focused on the priorities identified by the Auditor General and the Accounts Commission and are underpinned by our assessment of issues and risks. These all inform the focus and scope of audits in individual public sector bodies and across themes and sectors.

The annual financial audit forms the largest part of our work – this is an annual check on public bodies across Scotland. In 2017/18 we audited over 310 sets of accounts and produced 226 annual audit reports. Alongside this we carry out a wide range of performance, Best Value and thematic audits as part of our [rolling five-year work programme](#) , which focuses on important themes and service areas and individual organisations.

Our key audit priorities for the next three years are set out below.

## Financial management and governance

The [Code of audit practice 2016](#)  sets the framework for public audit in Scotland (including auditor compliance with International Standards on Auditing and Ethical Standards) and by providing conclusions on:

- financial sustainability
- financial management
- governance and transparency
- value for money.

These are the four dimensions of the wider scope of public audit. The wider scope audit ensures that auditors provide appropriate assurance to the Auditor General and the Accounts Commission and wider stakeholders and add value to audited bodies, putting them in a better place to address the challenges that they face.

The audit dimensions help to focus auditors' work in support of the Accounts Commission's approach to auditing Best Value. They also focus on the experience of citizens and service users and the link between spending and outcomes.

Six Best Value Assurance Reports were published in 2017/18 as part of a five-year programme covering all of the local councils in Scotland. In 2018/19 the Accounts Commission will publish Best Value Assurance Reports on:

- Dumfries and Galloway Council
- East Ayrshire Council
- East Lothian Council
- Fife Council
- Glasgow City Council
- West Dunbartonshire Council.

We will continue to promote counter fraud activity through our audit work and coordinate the National Fraud Initiative work in Scotland.

### **Devolved financial powers, the fiscal framework and social security**

Public audit has an important role in reporting independently on the substantial changes that are taking place and supporting the Parliament in its responsibilities on the oversight of public finances.

We have previously reported that it is essential that the arrangements in Scotland are further developed to reflect increased fiscal responsibility, financial sustainability and effective financial management. In our most recent [report](#)  we highlighted that the initial tax arrangements are well established and that the arrangements for shared taxes and assigned taxes were being finalised. We also reported that the overall principles and policies for borrowing and the use of reserves have not been established and that substantial work remains to implement the remaining Scotland Act powers.

As social security powers and responsibilities are devolved we will report on this substantial area of expenditure. We recently reported that good early progress has been made, but that substantial work would be required to deliver benefits on time and that the costs of implementing the social security powers would be significant.

We will consider the planning for, and implementation of, the new powers and responsibilities and report on the impact of the reforms each

year. We will also report on individual organisations where appropriate, most notably the Scottish Government, Revenue Scotland and the Scottish Social Security Agency, through the annual audit reports.

To do this we will further develop the audit arrangements and our capacity to provide scrutiny and assurance. The full extent of the additional work will not be known until the administrative arrangements are agreed. It's likely to include further work with the National Audit Office to provide assurance on income tax and VAT income, work on the devolved security benefits and further work supporting the Parliament as the complexity of Scotland's finances increases.

### **Support for parliamentary scrutiny**

We provide the Public Audit and Post Legislative Scrutiny Committee with an extensive range of reports and support the Finance and Constitution Committee in its budget scrutiny role. We also support other committees, by providing support for the Auditor General and the Accounts Commission and by giving evidence at committee meetings and enquiries into specific areas.

The Parliament's Budget Process Review Group (BPRG) made a number of recommendations around how the Scottish Budget is developed and scrutinised. Public audit has an important role to play in this and we anticipate that the demand for audit work to support the budget process will increase over the next three years.

We will continue to inform and support the Parliament and others as they establish new arrangements to help ensure transparency, accountability and financial sustainability. Our programme of work on public financial management will look at the management the new devolved powers and the implementation of the BPRG recommendations.

### **Preparedness for EU withdrawal**

The shape, form and implications of EU withdrawal are still developing. We are continuing to monitor issues as they develop, identify associated audit risks, and ensure they are reflected in our work programmes.

We will monitor and where appropriate report on the extent to which organisations are considering the potential implications of the change and their 'state of readiness' in what is a complex and rapidly changing environment. The planning guidance for 2017/18 audits asks auditors to consider the extent to which public bodies are working to understand, assess and prepare for the UK leaving the EU.

Our latest work programme also includes performance audits in this area from 2020, looking at issues such as workforce planning and funding streams following EU withdrawal.

## Service delivery and public sector reform

We will report on public sector service delivery and reform as part of our annual audit work and through the [five-year rolling work programme](#) . The programme is based on our analysis of the key risks facing the public sector in Scotland.

The 2018-21 programme includes a broad range of subjects, covering both front-line service delivery and the financial and resourcing arrangements that support them. It also includes overview reports on local government, the NHS and Scotland's colleges, which draw together the key messages arising from the audit work in each sector.

## Our work programme

● Auditor General for Scotland 
 ● Accounts Commission 
 ● Joint – Auditor General and Accounts Commission

2018/19 	2019/20 	2020/21 
<span style="color: #76923c;">●</span> Children and young people's mental health	<span style="color: #76923c;">●</span> Educational outcomes	<span style="color: #76923c;">●</span> Improving the outcomes of looked after children
<span style="color: #76923c;">●</span> Health and social care integration: part 2	<span style="color: #4a7c9c;">●</span> Higher education finances	<span style="color: #76923c;">●</span> Health and social care integration: part 3
<span style="color: #4a7c9c;">●</span> NHS workforce – community based workforce	<span style="color: #4a7c9c;">●</span> Skills planning and investment	<span style="color: #76923c;">●</span> Youth justice
<span style="color: #4a7c9c;">●</span> Scottish Fire and Rescue Service	<span style="color: #00838f;">●</span> Supporting economic growth: the role of local authorities	<span style="color: #4a7c9c;">●</span> Supporting economic growth: impact of enterprise and skills review
<span style="color: #4a7c9c;">●</span> Forth replacement crossing	<span style="color: #76923c;">●</span> Housing	<span style="color: #4a7c9c;">●</span> NHS workforce: part 3
<span style="color: #00838f;">●</span> Arm's-length external Organisations	<span style="color: #76923c;">●</span> Waste management	<span style="color: #76923c;">●</span> Teacher workforce planning
<span style="color: #76923c;">●</span> The value for money of Non-Profit Distributing projects (reporting early 19/20)	<span style="color: #4a7c9c;">●</span> A9 dualling	<span style="color: #76923c;">●</span> Legacy of the Commonwealth Games
	<span style="color: #76923c;">●</span> Community assets	<span style="color: #76923c;">●</span> Flood risk management
	<span style="color: #76923c;">●</span> Innovative financing: City deals	
<span style="color: #4a7c9c;">●</span> Digital progress in central government and health (reporting early 19/20)	<span style="color: #00838f;">●</span> Digital progress in local government	<span style="color: #76923c;">●</span> Digital services - learning or justice
<span style="color: #4a7c9c;">●</span> Broadband update		

# Organisational priorities 2018-21

In this plan we highlight the significant uncertainty and challenges facing the public sector, and the continuing financial challenges.

In this context it is essential that we are efficient, effective and responsive to the changing demands.

To help meet these challenges and deliver on our priorities we are continuing to deliver on our strategic improvement programme. The programme has three main strategic objectives:



We have already delivered a huge amount of organisational change through the programme. These improvements provide us with very solid foundations on which to improve even further as we pursue our vision to be a world-class audit organisation. More details are available in the [Appendix](#).

# Delivering world-class audit



## Objectives

Our objective is to ensure that public audit in Scotland:

- ✓ applies the highest professional and ethical standards
- ✓ is efficient, proportionate and risk based
- ✓ is informed by an excellent understanding of the issues facing public sector bodies
- ✓ responds effectively to changing circumstances and emerging issues
- ✓ reports clearly, concisely and authoritatively
- ✓ follows the public pound wherever it is spent
- ✓ promotes transparency, accountability and Best Value.

## Key priorities for 2018-21

Our main priority is delivering high-quality audit

### Audit quality

The quality of our work is critical. It forms the bedrock for our audit judgements and recommendations, our credibility and ultimately our ability to make a difference to public services and how public money is spent.

In recent years we reduced audit fees in real terms and reduced the revenue resource requirement from the Scottish Consolidated fund. We also simplified the funding arrangements for auditing the NHS in Scotland and improved the transparency of the audit funding arrangements overall. This is appropriate when public finances are tight.

At the same time we also increased the volume of audit reports and the range of additional audit outputs. These are designed to provide further insight, add value and support improvement.



In December 2017 we published a new [Audit Quality Framework](#)  which applies to all audit work. The framework combines the highest professional and ethical standards with strengthened and more comprehensive arrangements for:

- internal quality reviews
- independent external quality reviews by the Institute of Chartered Accountants in Scotland (ICAS) covering all of the audit work, including financial audit, Best Value audit and performance audit
- enhanced reporting on quality to the Audit Committee, the Auditor General, the Accounts Commission and to the public.

We have also restructured areas of the business to support improved scrutiny, assurance and professional support for the in-house teams and the appointed audit firms.

Over the next three years we will extend the range of work covered by the quality framework, improve the methodology which underpins it, and enhance the reporting arrangements.

We are represented on a wide range of international and UK professional bodies and audit agencies:

- The Auditor General is a board member of Public Sector Audit Appointments (PSAA) and the Chair of its Audit Committee.
- Members of the Leadership Group have roles as Vice Chair of LASAAC (Local Authority (Scotland) Accounts Advisory Committee), Senior Vice Chair of the Scottish branch of CIPFA, a member of the CIPFA/LASAAC board and Chair of the ICAEW Scotland Strategy Board and as a member of the ICAS public sector committee.
- Audit Scotland has reciprocal arrangements with other audit institutions in the UK and internationally and works to support improvements in auditing, governance and performance in the public sector.

Through these we can influence professional standards and share and learn from good practice.

**Our other key priorities for delivering world-class audit:**

- ensuring we are well placed to respond to the risks and opportunities in the coming years and inform the debate in key areas (including; the new financial powers and constitutional change, the finance profession in the public sector, digital audit, governance, openness and transparency) and offer insights which add value
- being open and transparent in how we go about our work and how we reach audit judgements
- working collaboratively with our scrutiny partners to provide challenge and assurance on the effectiveness of public services
- learning from our audit partners and other organisations to continuously improve the quality and efficiency of the audit process.

# Making a difference

## Objectives

Our objective is to maximise the difference our audit work makes to public services in Scotland.

We will ensure that we:

- ✓ remain focused on the issues that matter most in public services in Scotland
- ✓ make a positive difference to how public money is used, and the outcomes that people experience
- ✓ provide insights into what works as well and what needs to improve
- ✓ offer foresight on future risks and opportunities for improvement
- ✓ make appropriate comparisons with what is happening elsewhere in the UK and internationally
- ✓ engage constructively with the organisations we audit, demonstrating a good understanding of their operating environment and what they are trying to achieve.

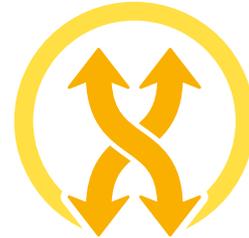
## Key priorities for 2018-21

Our main priorities in this area are to maximise the opportunities offered by digital audit, improve how we follow up on audit recommendations and refine how we incorporate diversity and equality in our work.

 **Digital audit**

 **Follow-up and impact**

 **Diversity and equality**

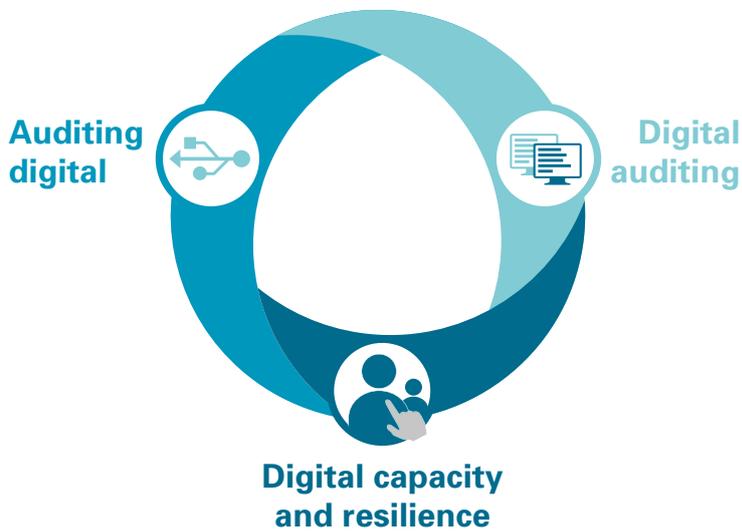


### Digital audit

Over the course of this plan we will make a step change in how we harness digital technology to inform what we audit, how we audit and how we get our messages out.



We will implement our [Digital audit strategy 2017](#) , which sets out how and where we will report on digital transformation across the public sector, how we will improve our use of technology in the audit process and how we will build our colleagues skills, expertise and knowledge.



We will focus on our data and audit analytics capacity to inform risk assessments and audits and improve how we present our conclusions and the underlying data. This will help ensure we are getting the messages out effectively and improve insight and foresight. We will also develop our audit intelligence data warehouse and extend our use of audit analytics in the annual financial audit.

### Follow-up and impact



We want to improve how we follow up on conclusions and recommendations to assess whether they have been implemented - and more importantly the effect they have had.

The annual audit process in every audited body considers the action taken on previous audit recommendations. We also do targeted follow up on national/ thematic reports to assess the changes that have been made since publication. The table below shows what we will follow up on over the next three years.

2018/19 	2019/20 	2020/21 
● Social work in Scotland	● Equal pay in Scottish councils	● ALEOs
● Efficiency of prosecuting criminal cases through the sheriff courts	● NHS workforce planning	● Forth replacement crossing
● Audit of higher education in Scottish universities	● Transport Scotland’s ferry services	● NHS workforce: part 2
● Modern apprenticeships	● Early learning and childcare	● Scottish Fire and Rescue Service: follow-up
● Supporting Scotland’s economic growth	● Self directed support: follow-up report	● Children and young people’s mental health
● Community planning: an update		● Innovative financing: City Deals
● Maintaining Scotland's roads: a follow-up report		

● Auditor General for Scotland ● Accounts Commission ● Joint – Auditor General and Accounts Commission

## Diversity and equality

In our [Diversity and Equality Outcomes](#)  report we set out how we plan to embed and encourage equality and diversity in our work and how we operate as an organisation. Our main objectives are to consider how public services meet the diverse needs of all citizens and communities and that we promote, understand and support a diverse and inclusive workforce.



We have set-up an Equality and Human Rights Advisory Group involving people from a wide range of external stakeholder organisations to help shape our approach to equality in the audit work. Our Diversity and Equality Steering Group will monitor the work being done in each business group to help achieve the equality outcomes.

### Our other key priorities for making a difference include:

-  supporting the Auditor General and the Accounts Commission's engagement with key stakeholders across the public sector to ensure our audit work is meeting the needs of the Parliament and its committees and the organisations we audit
-  ensuring we maintain a good understanding of the policy priorities and the risks and issues facing the public sector by engaging with stakeholders to focus audit work where it adds most value
-  improving how we report across the whole of the public sector in Scotland to provide more insight on the use of public money, wherever it is spent
-  enhancing how we share our audit information and conclusions and promote good practice
-  promoting good practice in financial reporting
-  keeping our audit processes under review – to ensure that every step adds value and has a positive impact.

# Being a better organisation



## Objectives

It is through highly skilled, engaged and motivated people that we provide high-quality services. We want to make Audit Scotland a great place to work so that we can attract, retain and develop the best people.

## Key priorities 2018-21

Our Becoming a Better Organisation (BaBO) programme 2015-18 was about changing the way we work together. We have been creating ways of working that will improve quality, efficiency and effectiveness and which deliver excellent results for our clients, stakeholders and ultimately the people of Scotland.

Through the BaBO programme we have invested in co-creating with colleagues an innovative and flexible approach to how we manage and develop our workforce. We are now looking to get the benefits of this investment and embed the changes we have made.

Our main priorities in this area are now on being a better organisation in action, workforce capacity planning and deployment, efficiency and effectiveness and sustainability.



**Being a better organisation in action**



**Workforce capacity, planning and deployment**



**Efficiency and effectiveness**



**Sustainability**

## Being a better organisation in action



To meet the demands of the future we need a motivated, flexible and highly-skilled workforce. We offer a unique total reward package and over the past three years we have developed new and innovative approaches to:

- attraction, recruitment and selection
- learning, development and career progression - including technical skills, 'people skills' and organisational learning
- flexibility - in terms of people's roles and how we work as one organisation across business groups and when, where and how people work - with a focus on outcomes rather than inputs
- health, safety and wellbeing - our Health Safety and Wellbeing Committee closely monitors the wellbeing of our colleagues and has introduced a broad range of initiatives.

We now want to fully embed all of these arrangements so that our colleagues and the organisation get the benefit of a supportive, empowering and people focused organisation.

## Workforce capacity, planning and deployment



Our workforce planning involves more than the quantitative process of forecasting workforce numbers within a staffing establishment.

When we refer to capacity we mean both the number of people and the skills and expertise that they have. We are increasing our staffing numbers to reflect the new audit responsibilities. We have also developed a new learning and development strategy which focuses on our strategic priorities and the professional, technical, organisational and interpersonal skills required to deliver them.

We will improve our resource management arrangement to use colleagues' skills and experience more flexibly, based on the needs of the audit work.

Our professional graduate training programme is an important part of our resource and succession planning for qualified auditors. It is one of the largest graduate training programmes in the public sector in Scotland and there are currently 42 trainees in the scheme. In 2017/18 we extended the scheme to encourage school leavers with the necessary qualifications to access a career in accountancy and audit.

The programme provides us with a pool of talent that we will develop into the technical experts, managers and the leaders of the future. The programme also contributes to the pool of qualified accountants and auditors available across Scotland's public sector.

### Efficiency and effectiveness

We continue to focus on the efficiency and effectiveness of how we go about our audit work and run the organisation. To support this we are implementing a new performance management framework in 2018/19. This will improve the timeliness, accessibility and analysis of performance information and business intelligence and help us manage the organisation in a more agile and action-focused way.

We will continue to review the efficiency of core business areas and our systems and processes to ensure that we deliver value for money and effective services.



### Sustainability

Improving our environmental performance is an important aspect of our world-class audit ambitions and providing effective leadership in this area is part of this objective.

Our [Climate Change Plan](#)  sets out our plans for reducing carbon emissions and our [Carbon Scrutiny Annual Report](#)  sets out how we are doing against those commitments.

We have significantly reduced our carbon footprint in recent years and continue to look at opportunities to reduce it further.



**Our other key priorities for being a better organisation include:**

- reviewing and refining our values and guiding principles
- investing in professional learning and development and enhancing our specialist skills and capacity in key areas including; digital audit, analytics, economics, taxation and social security
- keeping our workforce strategy under review to ensure we have the capacity to meet the changing audit responsibilities and can deploy our workforce flexibly and responsively based on audit priorities and risks
- supporting colleagues as we shift our ways of working to increase innovation and enhance their personal ownership of our work and their wellbeing
- embedding our approach to equality and review what more we can do to attract new employees from under-represented groups
- learning from other world-class organisations.

# Running Audit Scotland

To deliver world-class audit we focus on six main areas and we work hard to make them the best that they can be. We do this by continuously improving our core audit work and how we run the organisation.

Over the period 2018-21 we will build on our achievements over the past three years, embed the improvements into our core work and continue to be responsive and flexible to the rapidly changing operating environment.



## Delivering world-class audit



### Independence

Statutory independence of Auditor General and Accounts Commission  
Independent appointment of auditors  
Parliamentary approval of budget  
Professional and ethical standards

### Governance

Independent appointment of Board members  
Internal and external reviews/ audits  
Annual reports  
Scrutiny by SCPA  
Planning, financial, performance and risk management arrangements

### People

Learning and development  
Workforce planning  
Employee and organisational development  
Health and wellbeing  
Being a Better Organisation improvement programme

### Methods

Audit quality framework  
International auditing standards  
Audit work programmes  
Digital audit  
Applying best practice  
Delivering World-class audit improvement programme

### Reporting

All reporting is in public  
High-quality audit reports and supporting products  
Investigating matters of public concern

### Impact

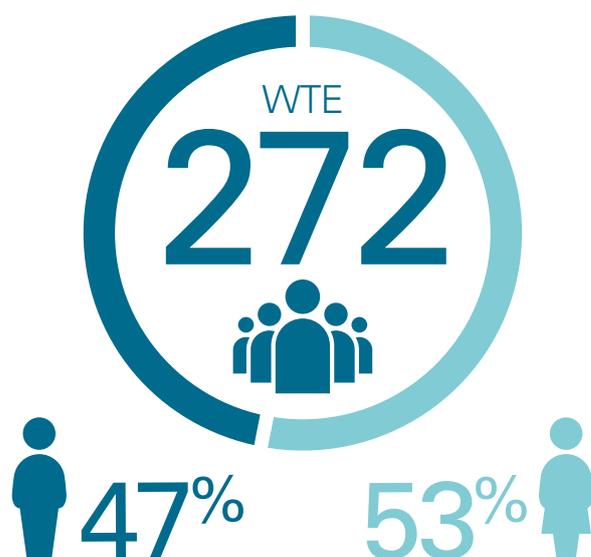
Supporting parliamentary scrutiny  
Follow up  
Engagement, communications and media  
Briefings, video, interactive data tools, seminars, checklists  
Making a Difference improvement programme

These areas are reviewed internally and externally and are central to our improvement programme. Our current position and plans for further improvement are covered in more detail throughout this plan and in our [strategies, plans and performance reports](#) .

# Resources

## Our people

Staffing costs amount to 65 per cent of our total budget and our people are the most valuable resource we have.



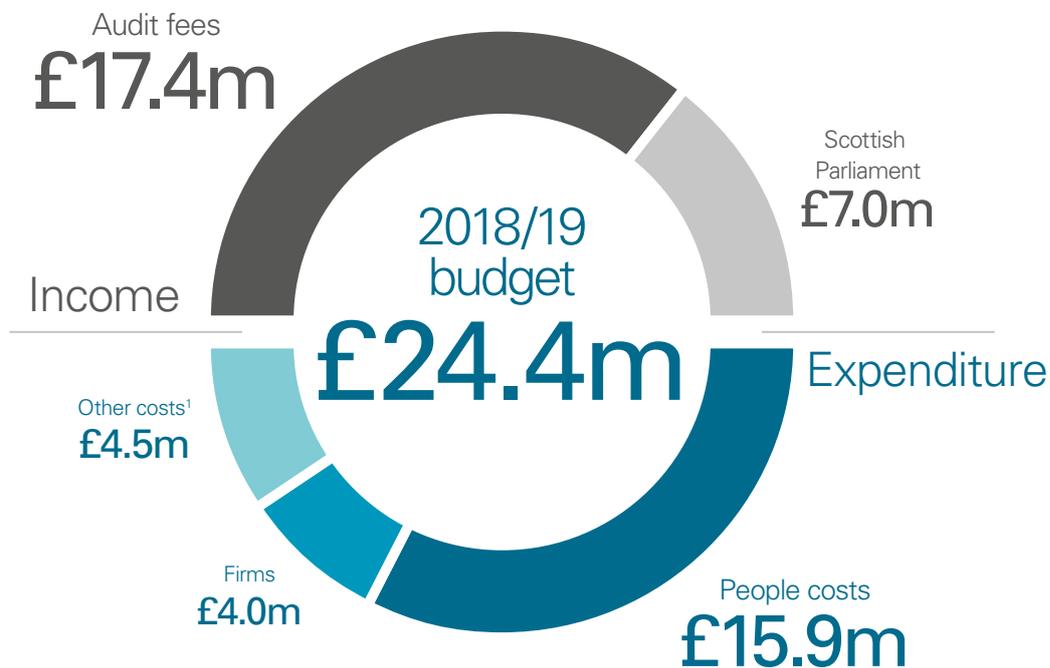
After reducing our workforce in recent years, we will be increasing our capacity so that we can deliver on our increased audit responsibilities arising from the new financial powers and fiscal framework and the transfer of social security payments. This will be phased in over the course of the next four years and we anticipate having an additional 20 whole-time equivalents (wte) in place by 2022.

## Our income and expenditure

The Auditor General and the Accounts Commission expect public bodies to manage their finances to the highest standards and achieve the best possible value for public money. They expect the same of Audit Scotland.

Audit Scotland meets its costs from a combination of audit charges to public bodies and funding from the Scottish Parliament through the annual Budget Act. Audit Scotland sets audit fees to recover the costs of local audit work and, where appropriate, a contribution to other audit and support costs. In 2016 we reviewed our approach to funding and fee setting to ensure that it is more transparent and understandable for audited bodies and stakeholders.

Our budget for 2018/19 is £24.4 million. This is a 1.9 per cent increase in real terms compared to 2017/18.



Note: 1. Other costs include property, IT, travel and subsistence, and depreciation.

## Our property

Over the course of the past three years we rationalised our office estate. We relocated from two sites on George Street in Edinburgh to a single office at West Port. The move will generate savings of £2.8 million over ten years in respect of rent, rates and service charges. In 2016/17 we relocated our Inverness office to provide a better and more flexible working environment. The move was cost neutral. Last year, we improved our Glasgow accommodation to provide additional workspaces and improve the flexibility of the working environment.

All of these changes provide us with modern fit-for-purpose offices which support more effective cross-organisational working at a reduced cost overall. We will continue to keep our property portfolio under review to ensure that it meets our business needs and provides Best Value.

## Our digital systems

High-quality digital resources are essential to our business and in many ways they are the tools of our trade. Over the period of our last corporate plan we made a number of important improvements to our core systems, software and hardware, and how we use mobile technology. All of these were designed to ensure that we have resilient and high-quality systems to support our audit work.

In 2017, we developed a new [Digital Services Strategy](#) , this focuses on two core objectives; resilience and innovation.

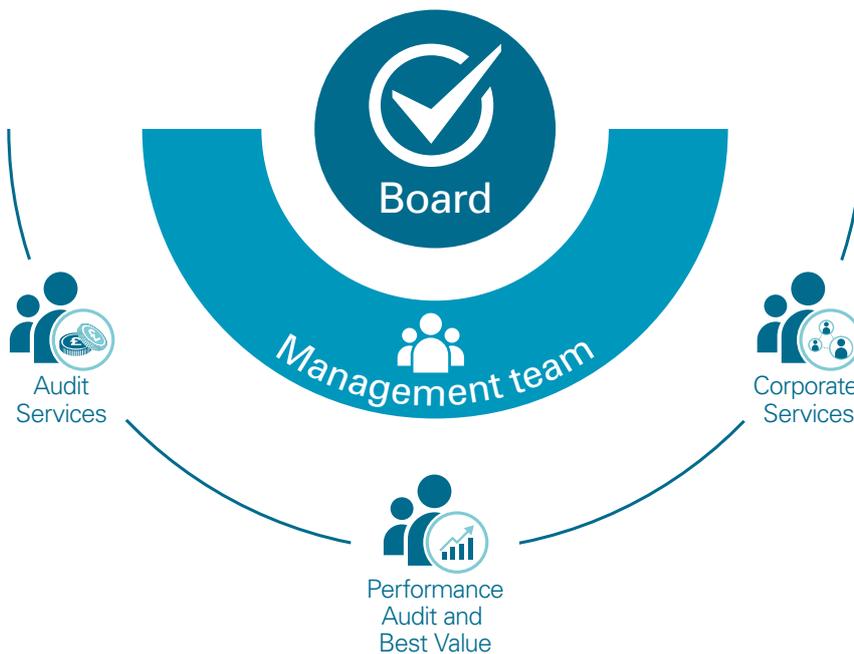
- **Resilience** – where we will continue to ensure that we have robust, accessible and dependable systems in place to support all colleagues to work efficiently and effectively. Together with:
  - a significant increase in security measures and resources
  - delivering flexible, sharable mobile devices
  - strengthening the capacity and skills of the Digital Services Team.
- **Innovation** – where we will continue to develop digital solutions to support our ambition to be a world-class audit organisation. Together with:
  - integrating our internal information using big data and machine learning
  - continuously improving our digital delivery and work ethic by adopting new agile methodologies
  - encouraging and supporting the development of digital skills for colleagues of all abilities.

We will deliver these objectives by:

- **Investing in our future** – by providing flexible high-quality digital services and through using data efficiently and effectively
- **Investing in our digital capacity** – through learning, development and recruitment, and by supporting innovation and a digitally enabled workforce.

# Governance

We expect high standards of governance of the organisations we audit and we set high standards for our own governance. We believe that a world-class organisation requires world-class governance arrangements.



The Audit Scotland Board is responsible for the exercise of all of the functions of Audit Scotland and exercises its powers and authorities through a Scheme of Delegation.

The board is made up of three independent non-executive members appointed by the Scottish Commission for Public Audit (SCPA), the Auditor General and the chair of the Accounts Commission. The chair of the board is a non executive member and is appointed by the SCPA.

The board has two standing committees, each of which are chaired by non executive members:

- The Audit Committee oversees the arrangements for audit quality, internal control, risk and corporate governance, internal and external audit, the annual accounts and the Standing Orders, Financial Regulations and Scheme of Delegation.
- The Remuneration and Human Resources Committee oversees the arrangements for salaries and terms and conditions of staff and other human resourcing matters.

Internal audit work is carried out by an external firm appointed by the Audit Committee and the external auditor is appointed by the SCPA.

Our annual budget, parliamentary funding and annual report and accounts are subject to scrutiny by the SCPA.

The board meets in public and agendas, minutes and meeting papers are available on the [website](#). The web pages also provide additional information about the [board members](#) and the [governance arrangements](#) at Audit Scotland.

## Planning, performance and risk

Our planning, performance and risk framework is designed to ensure that our strategic objectives are the driving force in our corporate plan, the thematic plans and strategies and our business group plans. These are supported by a range of more operational plans and flow through to the personal objectives for each member of staff.



We use a variety of reporting arrangements to drive improvement and assess how effectively we are delivering our objectives and commitments.

## Key reports

Report	Reporting arrangements
 <a href="#">Annual report and accounts</a> 	Report to the board, and SCPA, and published on the website.
 <a href="#">Audit quality</a> 	Annual report to the audit committee and the board, and published on the website.
 <a href="#">Diversity and equality</a> 	Annual employee monitoring reports to the board. Two-yearly equality outcomes reports to the board and published on the website.
 <a href="#">Climate change</a> 	The <a href="#">Climate change plan (2015/16 – 2019/20)</a>  published in 2016, with <a href="#">annual performance reporting</a>  to Management Team and the board.
 <a href="#">International work</a> 	<a href="#">Annual report</a>  to the board and published on the website.
 <a href="#">Financial performance</a> 	Annual accounts to the board, and SCPA, and published on the website. Monthly reports to Management team. Quarterly update reports to the audit committee and board.
 Corporate performance	Quarterly reports to the <a href="#">board</a>  .
 Risk updates	Update reports and risk interrogations to each audit committee meeting.

Our performance management framework is aligned to our strategic objectives. It uses a combination of key performance questions and quantitative and qualitative key performance measures to help us monitor performance and take action when required.



### Delivering world class audit

KPIs include:

- Audits to time
- Audits to budget
- Audit quality



### Making a difference

KPIs include:

- Getting our messages out (inc. report downloads, coverage, social media engagements)
- Supporting scrutiny in parliament and audited bodies
- Action on and the impact of audit recommendations



### Being a better organisation

KPIs include:

- People measures (engagement, learning and development, wellbeing, absence)
- Financial (budget management, savings and efficiencies)
- Digital (system uptime, service desk response times)

Our [Risk Management Framework](#)  helps us to identify the strategic and operational risks facing the organisation. The framework analyses the likelihood and potential impact of the risk, captures the controls in place and the way in which the risk is being monitored. It also highlights any actions required to reduce the risk. The corporate risk register is reviewed regularly by the management team and the audit committee, both of whom also interrogate selected risks and mitigating actions in closer detail.

The key risks for the coming year include; ensuring we have the capacity and expertise to deliver our responsibilities in the context of the devolved financial and fiscal powers, welfare reform and EU withdrawal alongside our existing audit work.

We are also focusing closely on maintaining our independence, the quality of our work, it's the relevance, focus and scope and by extension our reputation. All of these need to be in place for us to have the impact and influence we seek to achieve. Equally, how we run the organisation remains an area of great importance and we continue to focus on using our resources flexibly, delivering value for money and the security of our digital infrastructure, systems and information.

All of these risks are inter-linked and we manage them carefully to ensure that we are able to achieve our strategic vision.

# Appendix

## Performance summary 2015-18

Over the period of our previous Corporate Plan 2015-18 we published:

-  Over 600 annual audit reports
-  26 national performance audits
-  10 overview reports covering NHS, local government and colleges
-  18 Best Value audit reports on local councils
-  21 statutory reports
-  36 housing benefit risk assessments and reports and coordinated the National Fraud Initiative in Scotland
-  Over 200 other audit products to provide insight and support improvement - including briefing papers, web resource pages, case studies, guidance and checklists for decision-makers, interactive data tools and infographics, videos, animations and workshops.

We also successfully delivered an extensive improvement programme.

## Over the past three years we:



- ✓ published a new [Code of audit practice 2016](#)  for public audit in Scotland
- ✓ supported the Auditor General and the Accounts Commission in their appointment of auditors for 2017/18 - 2021/22
- ✓ introduced a new [Audit Quality Framework](#)  which covers all of the audit work
- ✓ implemented a new approach auditing [Best Value](#)  in local authorities
- ✓ restructured our teams to improve quality assurance and professional support
- ✓ delivered a new, simpler and more transparent system for determining audit fees
- ✓ informed the scrutiny and accountability arrangements around the new financial powers and fiscal framework.

- 
- ✓ refreshed the [five-year rolling programme](#)  of audit work based on extensive engagement and by focusing on the key risks facing Scotland's public sector
  - ✓ enhanced our range of audit outputs and products available on our website to provide insight and support improvement
  - ✓ developed our use of social media to help get our messages out, share information and engage with stakeholders and the public
  - ✓ developed a [Digital Audit Strategy 2017](#)  to guide how we audit digital services, harness data analytics in the audit process and build our digital capacity
  - ✓ refreshed our [Equality outcomes](#)  and further embedded equality in our work.



- ✓ introduced a new strategic approach to managing and developing our people including more flexible working practices and career development pathways
- ✓ built flexibility and resilience into how we deploy our workforce
- ✓ reviewed our professional trainee scheme to ensure it is attractive to candidates and provides the best support for them
- ✓ rationalised our office accommodation, providing a more flexible and accessible working environment at a reduced cost
- ✓ reviewed the efficiency of our business groups, how we use our time and our performance management arrangements
- ✓ refreshed our equality outcomes and extended our Living Wage accreditation to cover the procurement of services.



## Case study

Our [International Strategy](#)  sets out an ambitious agenda for our international work that reflects our commitment to be a world-class audit organisation.

It's important that we look at and learn from what is happening beyond Scotland and apply best practice and this is at the forefront of our approach to international work.

Our aim is to learn, share our knowledge and expertise and support effective public sector governance and accountability in Scotland and overseas. This includes:

- learning from good practice in other countries - our main priorities here are on audit quality and digital auditing
- sharing our professional, technical and audit-related expertise with overseas audit institutions and public sector bodies - especially on our approach to financial, performance and Best Value audits and our use of social media and infographics
- developing a network of international contacts - including the UK audit agencies and audit organisations in countries such as Canada, New Zealand and Australia
- contributing to, and drawing from, an international database of good practice examples and audit methodologies.

People from 162 countries across the globe have viewed the dedicated international webpage we launched during 2017/18. The map below shows the location of the most regular visitors to the web page over the past year.



# Corporate Plan

2018-21

This report is available in PDF and RTF formats,  
along with a podcast summary at:

[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) 

If you require this publication in an alternative  
format and/or language, please contact us to  
discuss your needs: 0131 625 1500

or [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk) 

For the latest news, reports  
and updates, follow us on:



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN

T: 0131 625 1500 E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk) 

[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) 

ISBN 978 1 911494 61 4