

# International work

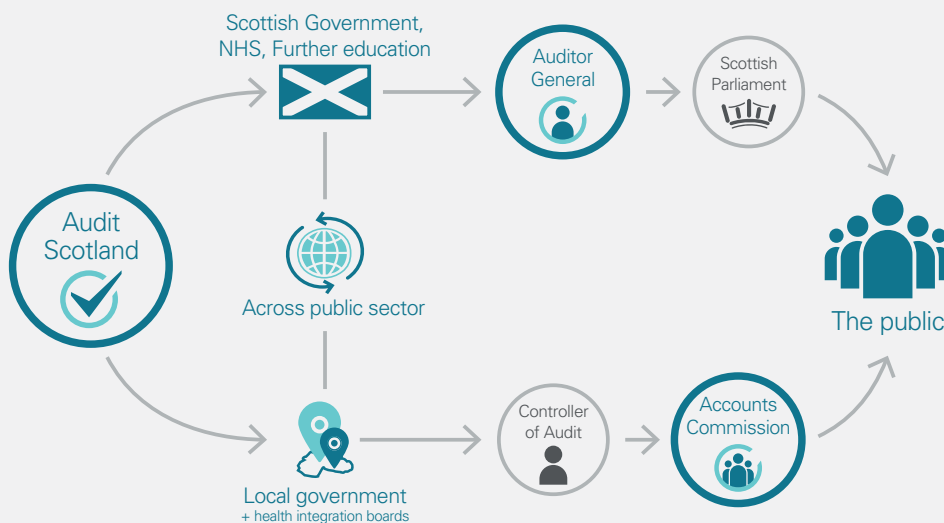
2018/19



# 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

---

Welcome	4
Highlights of the year	5
Our priorities	6
2018/19 in review	7
Spotlight on learning from overseas	9
Our people	13

---

# Welcome

---

Over the last year we have seen a significant increase in interest in Audit Scotland's international activity and we have made real progress in linking it more directly with our audit and quality improvement work.

Some of my personal highlights over 2018/19 have included meeting with other UK audit agencies and Public Accounts Committees at the Isle of Man and meeting colleagues from across the globe including Australia, China, and the Republic of North Macedonia here in Edinburgh to share experiences and learn from each other.

This year we have worked directly with parliaments and audit bodies from overseas. We shared good practice in public accountability with representatives from the parliaments of Armenia and North Macedonia, as well as working directly with the North Macedonia state audit office. We also supported the Cayman Islands Audit Office in its performance audit of school education.

Our international work has informed our thinking in new and challenging areas for us such as auditing digital public services, and auditing Scotland's new financial powers.

Beyond important practical benefits of our international work, meeting and hearing from colleagues from other parts of the world provides a useful perspective on the Scottish Public Audit Model. A key lesson for me from last year's international activity is that Audit Scotland is fortunate to operate within a public accountability system that recognises and values the contribution that independent public audit brings.

At a time of much change, not least the ongoing uncertainty around the UK's decision to leave the EU, we are keen as ever to continue connecting, sharing and learning from our colleagues from around the globe.



**Antony Clark**  
Audit Director



**Antony Clark**  
Audit Director

**Performance Audit  
and Best Value**

---

# Highlights of the year



## Visits by international delegations

We hosted delegates interested in hearing more about our work from seven audit institutions / government bodies spanning the globe including Armenia, Australia, China and the Republic of North Macedonia.



## International Performance Audit Database

We use an international performance audit database to source audit reports and good practice to inform our future and current audit work.



## Knowledge Cafés

We held three learning workshops each with an international theme: the role of auditor general Cayman Islands; overseas good practice; and Australia's health service.



## Learning from overseas

We presented at international conferences on topics including performance audit, police reform, information security and the audit of companies owned by local authorities.

We attended relevant events on auditors and technology; and global anti-corruption.



## Social media and communications

We have a dedicated international [web page](#) on our Audit Scotland website.

We use social media to share key events and messages with audit colleagues across the UK and overseas.



## Sharing our expertise

This year we worked with the North Macedonia State Audit Office in a project organised by the Westminster Foundation for Democracy.

We also provided performance audit expertise to the Cayman Islands Audit Office.

---

# Our priorities

---

## Being world class

Learning from good audit practice beyond Scotland is key to our ambition of being a world-class audit organisation. It helps keep our work relevant and make a greater impact on improving public services.

Our [International Strategy for 2017-20](#) sets out our approach to international work. It focuses on how we can apply our learning from overseas to support Audit Scotland's priorities to improve the use of public money. It aligns closely with our [Corporate plan 2018–21](#) and Becoming World Class improvement programme.



International  
strategy for  
2017-2020   
June 2017

## Our approach and priorities

During 2018/19, our international work has contributed to the three aims of our Becoming World Class improvement programme as follows:

### Delivering world-class audit

- Bringing international good practice to our performance audit work programme through participating in selected conferences and using the international performance audit database.
- Sharing professional, technical and audit expertise with other audit institutions, parliaments and public sector bodies through hosting visits and developing networks.



Corporate plan  
2018–21   
June 2018

### Being a better organisation

- Sharing the knowledge and learning we gather from international work with our colleagues throughout Audit Scotland.
- Developing the skills of our team by involving them in international work such as presenting to delegations and working with our audit peers from other countries.

### Making a difference

- Working directly with overseas audit bodies and parliaments to promote good public governance.

# 2018/19 in review

## Our focus in 2018/19

This year our international work has had two main areas of focus:

- applying lessons and good practice from overseas to our audit work
- working directly with others to share good practice in public governance.

Over the course of 2018/19, we have undertaken international work, both here in the UK, and overseas, as shown in our [Highlights of the year](#) summary on page 5. We hosted eight visiting overseas delegations; we attended or presented at international conferences, both in the UK and overseas. We also worked in partnership with audit institutions from Armenia, Australia, Canada, Cayman Islands, Ireland, Republic of North Macedonia, Norway and the UK. The following chapter, [Spotlight on learning from overseas](#), page 9, gives further details.

We have had much interest from overseas in our work, particularly China. We were visited by five delegations from various Chinese finance ministries and provincial audit offices. Topics covered included the role of audit in parliamentary scrutiny and lessons from our environmental audit work. Participants asked challenging questions and all the exchanges were very well received by the delegations, for example, conference organisers and delegations fed back to us:

“We are really grateful for the excellent presentation... the delegation found it very inspiring even though the auditing in China and the UK are very different.”

“The delegates had lively and fruitful discussion with colleagues from Audit Scotland and found the experience very rewarding.”

This year we were invited to speak at five international conferences. This included representing Audit Scotland at two major European Organisation of Regional Audit Institutions (EURORAI) seminars. These were attended by around 150 delegates from 25 different countries. We spoke about our experience in conducting audits on cyber and information security, and about the audit of companies owned by local authorities.


We are also adopting the International Organisation of Supreme Audit Institutions (INTOSAI) standards for our performance audit work. We have shared lessons with our peers, including the Norwegian and Irish audit offices, who have already adopted the standards.

## Staying connected

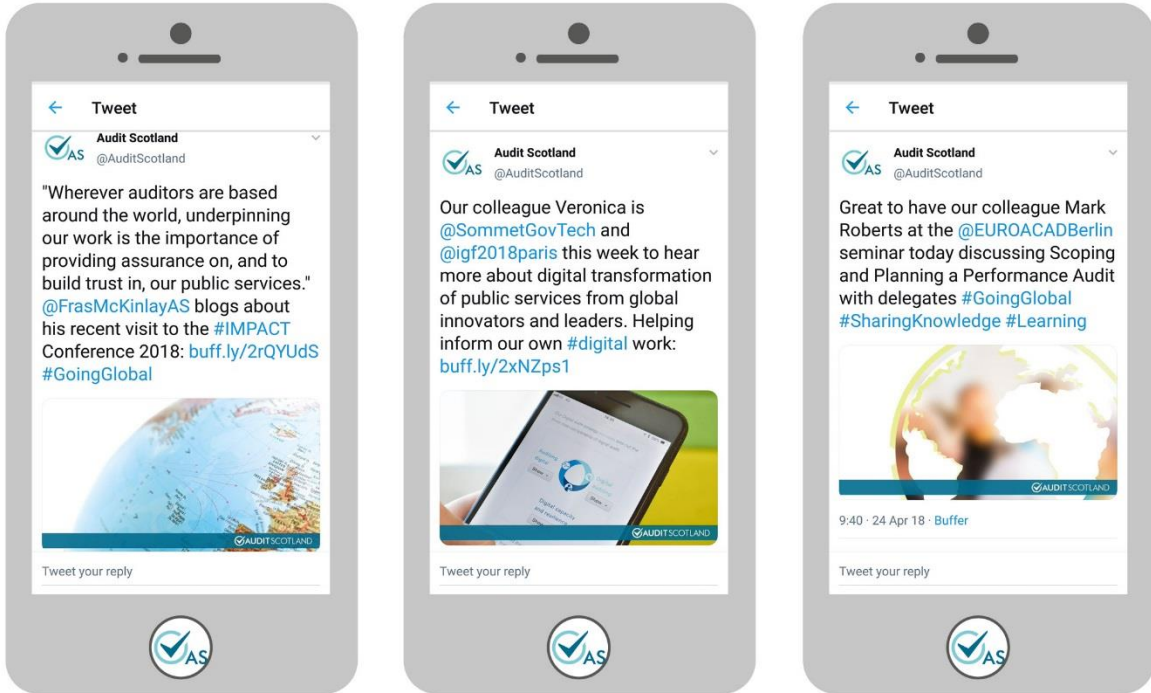
Audit Scotland aims to make greater use of social media to promote its work and share good practice. It's now a hugely important part of how we communicate with the world outside of our offices.

[Going Global](#) is our external-facing web page for our international work. It has been viewed by people from over 160 countries since its launch in 2017, with the most frequent views coming from the UK, Japan, Canada, United States and

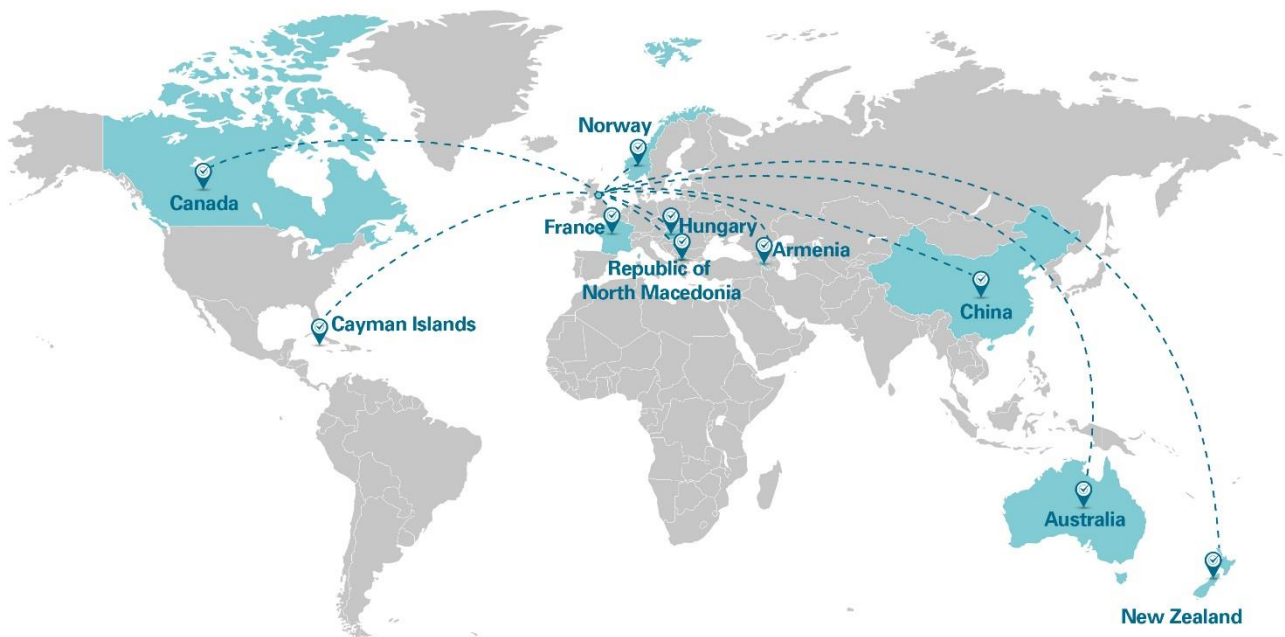


Going global  
webpage 

Australia. We use social media posts to reach a wider audience with news and updates of our international work.



Sharing messages within Audit Scotland is an important part of our learning. We use online networking groups to share information across a range of topics. One of these relates to our international work and provides updates on events including points of interest and lessons learned.





---

# Spotlight on learning from overseas

---

## Our international work brings benefits to Audit Scotland

Building on good practice from other countries is a strong feature of Scottish public policy. It follows that public sector audit should take a similar approach to stay relevant and add value. The following summarises how we use our international work to improve our audit and develop as an organisation:

- Knowledge of overseas good practice helps us scope our audits and shape our recommendations to increase their impact.
- We use international audit standards and good practice networks to improve how we carry out our audits.
- Promoting our work within the UK and internationally helps us build good practice networks and improve as an audit organisation.
- Getting involved in international work is a powerful learning opportunity for our staff, building on their skills and broadening the outlook they bring to our work.

Audit Scotland aims to 'give something back' through its work. We welcome opportunities to contribute to good public governance in other countries. Our work with other audit agencies and parliaments has been a major highlight this year. All this reminds us that we are in a good place here in Scotland, with strong guiding principles for independent and public scrutiny.

The following 'Spotlight' features give more information about our international work over 2018/19. These focus on the year's two main priorities for our international work – applying good practice, and working with others:

- Spotlight 1: International lessons for our audit of digital services.
- Spotlight 2: Developing the audit of Scotland's new financial powers.
- Spotlight 3: Building on our networks with Australia and Canada.
- Spotlight 4: Sharing expertise with the Republic of Armenia, the Republic of North Macedonia and the Cayman Islands.

## Spotlight 1: Auditing digital services

Digital technology is an increasingly important part of public service delivery. This brings opportunities to improve how people access services; it also brings risks should systems fail or succumb to a cyberattack. In our role as public sector watchdog, it is vital that we keep up to speed with developments in this fast-moving area. So, this is one area where we bring an international dimension to our work.

Our 2017 [Principles for a digital future](#) report reflects our learning from New Zealand and Australia. This year we attended selected international events including the Internet Governance Forum and the Organisation for Economic Co-operation and Development (OECD) [Auditors Alliance](#) conferences on auditors and technology and anti-corruption.

**'It really was a global affair, with insights into data analytics from panellists from Korea, Australia, Chile, Argentina and Finland to name but a few!'**

All this helps alert us to the risks and opportunities that our growing reliance on digital technology brings. In turn, this helps us assure people here in Scotland about our own digital services. Indeed our [Enabling digital government](#) performance audit (to be published in June 2019) draws on many examples of good governance from other countries.

**Want to find out more:**



**Principles for a digital future**   
**May 2017**

## Spotlight 2: Scotland's new fiscal framework

The Scotland Act 2016 brings many 'firsts' for Scotland through its new financial powers. Since 2017 we have seen the first collection of Scottish Income Tax, the first use of the Scotland Reserve, the first use of new social security powers, and many more. This brings greater complexity and challenges for our audit.

These may be new areas for Scotland, but there is important international experience to draw on. The International Monetary Fund and OECD set standards for fiscal transparency and budgetary governance, and identify examples of good practice, for example in New Zealand.

We drew on such practice when we prepared our [Operation of the fiscal framework](#) briefing paper. Both the UK and Scottish governments reference Canada's sales tax in their methodology for assigning value added tax (VAT) powers to the Scottish budget. As part of our work on VAT, we are looking in more detail at the example of Canada and how sales tax works between its federal state and provinces.

**Want to find out more:**



**The e-Hub on our website contains further information relating to Scotland's new financial powers**

---

### Spotlight 3: Building on our networks with Australia and Canada

In March 2018, our performance audit director, Fraser McKinlay spoke at the International Meeting of Performance Audit Critical Thinkers (IMPACT) conference in Australia. Delegates shared their insights on challenges facing the public sector, citizen-centred auditing and cyber security threats.

Audit Scotland have taken forward work resulting from this event. This includes how we apply our audit to community-delivered public services; how we make use of complex data; and how we link our financial and performance audits and report our findings. Our director also shared key learning points at a dedicated knowledge café attended by around 40 colleagues.

He also set up a National Performance Audit Forum to share good practice, based on practice he observed in Australia. This involves performance audit leads from the UK and Irish audit agencies. So far it has highlighted mutual interest around fraud and cybercrime, digital audit, EU-withdrawal, budget management and auditing new financial powers.

We continue to make use of the Canadian Audit and Accountability Foundation database to identify good practice. This helps us scope significant areas of our forward work programme including educational attainment and digital services. It also helps us develop our performance audit practice.

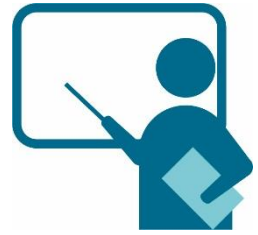
In February 2019 our communications team took part in a conference call with peers from across Canadian audit offices to explore how we promote our audits to different audiences. This was organised by Office of the Auditor General of British Columbia and involved representatives from the federal government, British Columbia, Manitoba and Saskatchewan audit offices.



---

## Spotlight 4: Sharing expertise

We participated in a West Balkans Democracy Initiative project funded by the Westminster Foundation for Democracy (WFD). This was to help state institutions apply good practice to improve public spending and democratic participation. Initiatives such as these are a great opportunity for us to influence emerging public audit practice in other countries.



In March 2019, senior representatives from the Assembly of the Republic of North Macedonia visited the Scottish Parliament to find out about their budget office - something they plan to emulate in North Macedonia. As part of that visit they met with us here at Audit Scotland to hear more about our role in public scrutiny. This was a productive and engaging meeting and we really welcomed their interest and probing questions.

Mark Roberts, one of our senior audit managers is also working with their State Audit Office (SAO) in a project to increase the impact of their audit. He met with the SAO in February 2019 to share how we promote our audit messages to different audiences.

In September 2018, we met with representatives from the National Assembly of the Republic of Armenia who were visiting Scotland to help them develop their own audit committee. They were interested in our independent role in supporting Scottish Parliament scrutiny.

Last year, one of our directors, Angela Cullen was seconded as Director of Performance Audit to the Office of the Auditor General in the Cayman Islands. This year we provided additional support from Kirsty Whyte, one of our audit managers, who worked on a performance audit of their school education.

"We are grateful for the resource that Audit Scotland provided. This allowed us to audit such an important and wide-ranging area for the first time. The audit manager had extensive experience of auditing education systems and this really helped us identify the areas that would add most value. She was able to draw on her experience and identify good practice that could here in the Cayman Islands.

"She was also able to coach and develop the staff that she worked with, who were doing performance audit for the first time. This has helped us build up our in-house capacity for performance audit, which is one of the objectives in our strategic plan."

---

# Our people



Representatives from China's Ministry of Finance visiting Audit Scotland.

During 2018/19, over 70 colleagues from across Audit Scotland have been involved in international work. This includes presenting to visiting delegations, participating in workshops to share lessons from our overseas work, attending conferences and working with overseas audit institutions. All this is good development experience for our staff in areas such as presentations, understanding our business, and getting a different perspective on our work:

“Presenting to large delegations of senior politicians and officials has really helped build my confidence in public speaking.”

“The reactions often put you on the spot – you need to be able to respond clearly to the ‘*why do you do it this way*’ questions.”

“I really enjoyed presenting to delegations from China and Armenia. Explaining our work to an audience who know very little about Audit Scotland is a bit challenging, but it helped me focus on the key principles of how we work and why we do things.”

We make sure that messages and lessons from our international activity are shared across Audit Scotland. Our online international work group is well subscribed with over 90 members, more than a third of our organisation. We also use blogs and workshops to share our learning on topics ranging from digital auditing through to government-owned companies. Finally, the assignments we have undertaken with overseas audit bodies are a valuable development opportunity for some of our more senior staff:

“Working with colleagues in North Macedonia gave me the opportunity to explain how we focus on key messages and to highlight the range of work we do to maximise the impact of our reports.”

# International work

2018/19

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 95 9