

Scottish Commission for Public Audit

# Session 4 Legacy Paper



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# Scottish Commission for Public Audit

The Scottish Commission for Public Audit is not formally a parliamentary committee. The Commission was established under Section 12 of the Public Finance and Accountability (Scotland) Act 2000 and is made up of 5 MSPs.

The main areas of responsibility of the Commission are to:

- a. examine Audit Scotland's proposals for the use of resources and expenditure and report on them to the Parliament;
- b. appoint a qualified person to audit the accounts of Audit Scotland;
- c. lay before the Parliament and publish a copy of Audit Scotland's accounts and the auditor's report on them;
- d. appoint three of the five members of Audit Scotland on such terms and conditions as the SCPA determines;
- e. appoint one of these three members to preside at meetings of Audit Scotland.



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## Introduction

1. The Scottish Commission for Public Audit (the Commission) agreed to publish this legacy paper as a means to identifying some key lessons learned during the current session which will hopefully assist the successor commission in the next session in delivering its responsibilities in relation to the work of Audit Scotland.

## Impact of the devolution of further financial powers

### Audit Scotland's Board

2. The Scotland Act 2012 introduced new financial powers in Scotland. These, along with those expected from the current Scotland Bill have implications for the work of Audit Scotland.
3. At the Commission's meeting of 10 December 2015<sup>1</sup> the Auditor General for Scotland provided information on the arrangements Audit Scotland has in place for auditing Revenue Scotland, the arrangements for working with the National Audit Office on the audit of Her Majesty's Revenue and Customs and on assessing how prepared the Scottish Government is for receiving the new financial powers
4. The Public Finance and Accountability (Scotland) Act 2000 (the 2000 Act) provides that the Board of Audit Scotland is to comprise of:
  - The Chair of the Accounts Commission;
  - The Auditor General for Scotland; and
  - 3 independent Board Members appointed by the Commission
5. Any changes to the size of the board would require legislative changes to be made.
6. The Commission raised a concern in its report on Audit Scotland's budget proposal for 2016-17<sup>2</sup> that –

” ..in the light of the significant forthcoming changes in financial powers, the Commission is concerned that no assessment has been made to ensure Audit Scotland's governance framework remains fit for purpose.

7. The Commission recommends that its successor follow up with Audit Scotland the concern that has been raised that no internal assessment has been made to ensure its governance framework remains fit for purpose.
8. The internal assessment could also give consideration to whether, in light of the expected increase in the volume of work and responsibilities for the Auditor General for Scotland, it remains appropriate for future appointments to the post of Auditor General for Scotland to also be designated as the Accountable Officer.

## Budget Scrutiny

### The Accounts Commission

9. Audit Scotland provides services to both the Auditor General and the Accounts Commission and the Commission has previously raised concerns that the costs of providing these services to both its 'clients' are not apportioned in Audit Scotland's fee strategy, budget proposals or annual accounts.
10. In its report on Audit Scotland's budget proposal for 2016-17 the Commission welcomed the additional information provided by Audit Scotland containing a breakdown of costs and its commitment to include this information in future budget proposals.

11. The Commission recommends its successor ensures this information is provided as part of future budget proposals.

### Fee Strategy

12. The Commission first took evidence from Audit Scotland on its plans to revise its Fee Strategy in October 2014<sup>3</sup> and had expected the new Fee Strategy to be completed in early 2015. In its report on Audit Scotland's budget proposal for 2016-17 the Commission raised concerns around the delays in the timescales for completion of the Audit Scotland's revised Fee Strategy.
13. It heard that recent changes to the membership of the Board of Audit Scotland had led to additional issues being considered as part of the review. This included consideration of whether each sector was paying appropriate costs for audits and that this in part had contributed to the delay.

14. Audit Scotland provided a new timetable for completion of the review of the Fee Strategy which is set out below and was noted by the Commission
- **January - March 2016:** Review of the indirect components of charges and allocations between audits together with a review of the outturn of the 2014/15 audits compared to indicative fees and an evaluation of the impact of the audit procurement exercise.
  - **March - April 2016:** Board consideration of the review and options for change.  
May - July 2016: Consultation on options for change with audited bodies.
  - **August - September 2016:** Preparation of the 2017/18 financial year budget and proposals for 2016/17 audit fees.
  - **November 2016:** Revised fees notified to audited bodies following budget consideration by the SCPA.

15. The Commission recommends that its successor continues to seek regular updates on the progress of the review.

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<sup>1</sup> <http://www.scottish.parliament.uk/parliamentarybusiness/report.aspx?r=10276&mode=pdf>

<sup>2</sup> <http://www.scottish.parliament.uk/parliamentarybusiness/96154.aspx>

<sup>3</sup> <http://www.scottish.parliament.uk/parliamentarybusiness/report.aspx?r=9600&mode=pdf>

