



Audit Scotland report: Covid-19: What it means for public audit in Scotland

Committee Audit and Standards

Date of meeting 12 June 2020

Date of report 7 May 2020

Report by Assistant Chief Executive

1. Object of report

To advise the committee on the issue of an Audit Scotland report titled '*Covid-19: What it means for public audit in Scotland*'.

2. Background

Audit Scotland report

In May 2020, Audit Scotland published a report titled '*Covid-19: What it means for public audit in Scotland*'.

The briefing says that public bodies are under exceptional pressure as they manage the impact of the pandemic.

The briefing adds that guidance and deadlines for financial reporting have been amended to reflect this.

The briefing adds that it will be some time before the impact on public services and finances is fully understood and that sound financial management and effective governance are more important than ever.

The Audit Scotland report can be found at:

<https://www.audit-scotland.gov.uk/news/covid-19-impact-on-public-audit-in-scotland>

3. Outline of findings

The Audit Scotland briefing highlights three issues. SPT's position response to each issue is provided below:

Financial Audit

To reflect the pressure on public bodies, the deadlines for preparing accounts for public bodies are being extended, subject to confirmation. Standard-setters are allowing bodies to streamline the information they provide in performance and accountability reports, but financial statements remain unchanged.

SPT's section 95 officer (Assistant Chief Executive) and finance team are working to the 'normal' statutory deadlines which require the unaudited accounts to be submitted to the appointed auditor no later than 30 June. The regulations require elected members to consider the unaudited accounts at a meeting to be held no later than 31 August and the Partnership must consider the audited accounts and approve the Annual Accounts for signature no later than 30 September and to publish them no later than 31 October.

The 'normal' approach has been agreed with the external auditor.

Performance Audit

The majority of performance audit work has been paused as Audit Scotland review their work programme and capacity. Audit Scotland are reviewing their forward work programme to reflect the new risks and challenges public bodies face.

SPT has and will continue to present Audit Scotland reports to the Audit & Standards committee at the earliest opportunity.

Resourcing

The Auditor General for Scotland and the Accounts Commission are considering extending the current audit appointments by a year.

Members may recall that Scott-Moncrieff was appointed as the auditor of Strathclyde Partnership for Transport and the Strathclyde Concessionary Travel Scheme Joint Committee for the financial years 2016/17 to 2020/21.

SPT welcomes this consideration by the Auditor General for Scotland and the Accounts Commission to provide continuity of service provision.

Covid-19 work

The Audit Scotland briefing outlines future Covid-19 work under consideration in the short/medium/long term.

4. Conclusions

In May 2020, Audit Scotland published a report titled '*Covid-19: What it means for public audit in Scotland*'.

The Audit Scotland briefing highlights three issues. SPT's position response to each issue is outlined in this report.

5. Committee action

The committee is asked to note the contents of this report and the Audit Scotland report titled '*Covid-19: What it means for public audit in Scotland*'.

6. Consequences

Policy consequences	<i>None.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>None.</i>

Name Valerie Davidson

Name Gordon Maclennan

Title **Assistant Chief Executive**

Title **Chief Executive**

For further information, please contact Iain McNicol, Audit and Assurance Manager on 0141 333 3195.

COVID-19

What it means for public audit in Scotland

Our approach

Context

- Public bodies are under exceptional pressure as they manage the impact of the pandemic.
- Guidance and deadlines for financial reporting have been amended to reflect this.
- It will be some time before we fully understand the impact on public services and finances.

Audit Scotland's principles

- Our approach to audit will be flexible, pragmatic and consistent.
- Sound financial management and effective governance are more important than ever.
- Audit has a key role in providing assurance and aiding scrutiny during these difficult circumstances, and we will prioritise quality and independence.
- Our work needs to reflect the impact of COVID-19 on public services but also maintain a focus on the other key challenges facing Scotland's public sector.
- We will safeguard the health and wellbeing of our colleagues at all times.

Financial audit

- To reflect the pressure on public bodies, the deadlines for preparing accounts for public bodies are being extended by three months. These changes will impact on timings for audit work and reporting.
- Standard-setters are allowing bodies to streamline the information they provide in performance and accountability reports, but financial statements remain unchanged.
- There is considerable uncertainty and volatility in individual bodies' capacity for reporting and engaging with audit.
- Governance will be a key focus, including the new arrangements put in place by public bodies in response to COVID-19.
- We will work with colleagues, including contracted audit firms, to promote consistency of judgement on complex issues.
- We will maintain audit quality while being flexible about timelines.

Performance audit

- The majority of performance audit work has been paused as we review our work programme and our capacity.
- Those audits that were either completed or very close to completion are being published.
- Others are being reviewed on a case-by-case basis.
- We are reviewing our forward work programme to reflect the new risks and challenges public bodies face.

Resourcing

- We will need to be flexible with our resources to manage the changing timescales and priorities.
- We will seek to mitigate the impact of remote working on our audits.
- The Auditor General for Scotland and the Accounts Commission are considering extending the current audit appointments by a year.

Future COVID-19 audit work

Overview

Audit Scotland is committed to helping Parliament and the public understand how public money has been used during this crisis and ensure lessons are learned for the future.

The complex and dynamic nature of the COVID-19 crisis means we will need to take a phased approach.

Phase 1 (short term)

- Briefing the Scottish Parliament on emerging audit risks linked to the public sector response to COVID-19.
- Considering what this means for our future work programme and the work of the Parliament's Public Audit and Post-Legislative Scrutiny Committee (PAPLS).

Phase 2 (medium term)

- Developing the work programme to consider the impact of COVID-19 on:
 - specific sectors (eg, NHS, further and higher education, justice, local government)
 - policy commitments (eg, early learning and childcare expansion, addressing child poverty)
 - thematic issues raised by COVID-19 (eg, the impact on Scotland's public finances, fraud risk management, inequalities).


Phase 3 (longer term)

- Identifying lessons that can be learnt from the public sector's response.
- Assessing the outcomes achieved from key Scottish Government spending and programmes related to COVID-19.
- Aligning our work programme with the Scottish Government's work to rebuild Scotland's economy, remove inequality and advance wellbeing.

COVID-19

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This report is available in PDF and RTF formats,
along with a podcast summary at:
www.audit-scotland.gov.uk 

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