

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

Committee Audit and Standards

Date of meeting 19 February 2021

Date of report 26 January 2021

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

On 25 January 2021, Audit Scotland published a report titled '*Covid-19: What it means for public audit in Scotland update*'.

During 2020, public bodies came under exceptional pressure as they managed the impact of the Covid-19 pandemic, with revised working arrangements and service delivery models.

Members will be aware that also affected the normal governance and timescales around financial reporting. Guidance and deadlines for financial reporting and audit were subsequently amended, recognising the different working arrangements and the diversion of staff on many instances to support the response to the pandemic. The situation for 2021 is also under review.

The report highlights that public bodies have now adapted how they work in response to the pandemic, but further challenges are likely to emerge as we move to recovery from the acute phase of pandemic. It will also be some time before all organisations fully understand the longer-term impact on public services and finances.

The Audit Scotland report, issued separately, can be found at:

<https://www.audit-scotland.gov.uk/report/covid-19-what-it-means-for-public-audit-in-scotland>

3. Outline of findings

The Audit Scotland briefing highlights three main issues for consideration.

Financial Audit

In 2020, to reflect the pressure on public bodies, the deadlines for preparing public bodies' annual accounts and financial statements for the 2019/2020 year were extended. This impacted on planned timings for audit work and reporting. While almost all audits were completed within the revised deadlines, the extensions mean that the planning work required for audits of the 2020/2021 year has started later than in previous years.

Audit Scotland are monitoring developments and guidance which may affect the timelines and scope of 2020/2021 accounts and financial statements and will issue guidance to auditors as required in due course. There has been significant additional public spending in response to Covid-19. A key focus of public sector audit is the governance and outcomes of funding, as far as they are becoming apparent, or '*following the pandemic pound*'.

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. SPT did not utilise the provision for the amended timescales in 2020. 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, and has been built into the SPT plan.

Performance Audit

During 2020, Audit Scotland paused their programme of performance audits. This decision was to avoid placing additional scrutiny burdens on public bodies at a time when they were trying to address the significant impact of the pandemic on public services. The performance audit programme has now recommenced with published audits, briefings and statutory reports on a refreshed programme.

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

Resourcing

Given the practical difficulties of changing auditors during a time with restricted access to organisations teams and records on site, the Accounts Commission has extended the current audit appointments of external auditors until 2022 to provide continuity and stability in a challenging environment.

Members will recall a report presented to the last Audit & Standards meeting on the appointment of auditor extension to 2021/2022.

4. Conclusions

In January 2021, Audit Scotland published a report titled '*Covid-19: What it means for public audit in Scotland update*'.

The Audit Scotland report highlights three main 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 update*' and the implications for SPT.

6. Consequences

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| 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> |

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