

Rùnaire a' Chaibineit airson Ionmhas agus na h-
Eaconamaidh
Cabinet Secretary for Finance and Economy
Ceit Fhoirbheis BPA
Kate Forbes MSP



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Richard Leonard MSP
Convener
Public Audit Committee
Room T3.60,
The Scottish Parliament
EDINBURGH
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18 July 2022

Dear Richard,

I write in response to your letter of 17 June 2022 regarding the future audit and accountability arrangements for the replacement of EU funds (UK Shared Prosperity Fund - UKSPF).

As noted in my previous letter, there is no obvious role for the Auditor General for Scotland in the governance of this Fund. I suggest that we await the technical note which is due out this summer before we consider our position further. It is my hope that the technical note will enable conversations with Audit Scotland and allow us to determine their position and interest in the UKSPF. I will share advice with the Public Audit Committee following these conversations.

I would like to take this opportunity to clarify a misunderstanding in the Secretary of State's letter to the Committee on the issue of the future audit and accountability arrangements for EU replacement funding. In this letter, Mr Gove explains "*that the Government Internal Audit Agency is the relevant audit authority in England but recognises "the Auditor General's equivalent role in terms of the third line of defence in Scotland and will incorporate this into our processes accordingly"*".

The Scottish Government's Directorate of Internal Audit and Assurance is the Scottish equivalent to the Government Internal Audit Agency (GIAA) – not Audit Scotland, who are the equivalent to the National Audit Office. Audit Scotland does not have an equivalent role to the GIAA in the management of current European funds, but Scottish Government's Directorate of Internal Audit and Assurance does.

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Given I shall be on maternity leave I have asked Scottish Government officials to await the technical note and press for further communication from Depute First Minister with yourself thereafter.

Yours sincerely,

KATE FORBES

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