

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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Public Audit Committee
Room T3.60
The Scottish Parliament
Edinburgh
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25 April 2022

Dear Richard,

Thank you for your letter of 29 March in which you seek my view on the audit requirements that shall arise from the UK Government's replacement to the EU funds, the recently launched UK Shared Prosperity Fund (UKSPF).

Dialogue between UKG and SG on Audit Activity

There has been limited dialogue between ourselves and UKG on the audit requirements for the UKSPF. I understand that UKG is not planning to implement separate audit and assurance regimes as are currently in place for the EU Structural Funds 2014-20 Programmes. Instead they will employ the approach to assurance as noted within the Government Functional Standard and Guidance for General Grants documents.

In line with these documents, lead Local Authorities will be expected to, at minimum, monitor spend, outputs and outcomes against agreed indicators on a six monthly basis. They will also be expected to report on technical delivery aspects such as fraud and risk.

Role for Auditor General for Scotland

Financial support from the UKSPF will be delivered directly to Local Authorities and will not be routed through the Scottish Government. As there is no locus for this Fund within Scottish Government nor any accountability or authority on the part of Scottish Ministers in the governance of the Fund, there is no obvious role for the Auditor General for Scotland. Scottish Government will, however, seek to discuss with Audit Scotland any relevant role as the Fund evolves.

Role for Public Audit Committee

As noted above, responsibility for the Fund will bypass Scottish Government. Nevertheless, I suspect there is a role for the Public Audit Committee – in giving consideration to the Fund's impact in Scotland: where it is being spent and how supported activity aligns with our National

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Performance Framework, National Strategy for Economic Transformation and other key priorities.

I trust the above is helpful.

Yours sincerely,



KATE FORBES

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