

An Leas-phrìomh Mhinistear agus Ath-shlànachadh
Cobhid
Deputy First Minister and Cabinet Secretary for Covid
Recovery
John Swinney MSP



Scottish Government
Riaghaltas na h-Alba
gov.scot

T: 0300 244 4000
E: DFMCSCR@gov.scot

Richard Leonard
Convenor
Public Audit Committee
Room T3.60
The Scottish Parliament
EDINBURGH
EH99 1SP

08 February 2023

Dear Richard,

Replacement European Union funds – future audit and accountability arrangements

Further to my letter of 7 November I am in a position to update on the audit and accountability arrangements for the UK Shared Prosperity Fund (UKSPF) following a meeting at official level with Scottish Government and Audit Scotland.

As expected, there is no direct role or responsibility for Audit Scotland, the Auditor General for Scotland, or the Accounts Commission in the audit of the UKSPF, (or other EU replacement funding) provided by the UK Government, in Scotland.

However, the Fund will be delivered through Scotland's local authorities who are accountable to their local electorate for the expenditure of all public funds. The Accounts Commission is responsible for the auditing of all local government spending, including the application of funding provided by the UK Government. Audit Scotland and a number of private accountancy firms undertake audits on behalf of the Commission.

In addition, it is expected that local authorities will award some of the UKSPF monies to projects delivered by other bodies, e.g. Enterprise Agencies, who are audited by the Auditor General for Scotland. The Auditor General for Scotland is responsible for the auditing of all spending by such public bodies, including the application of any EU replacement funding from UK Government.

With the Internal Market Act giving the UK Government power to expend in Scotland via local authorities, the resulting accountability landscape has become even more complex. Scotland's local authorities, in receipt of funding from the UK Government, are accountable to UK Government for their use of this funding, in accordance with the rules established by the

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot



INVESTORS
IN PEOPLE

Accredited
Until 2020




responsible UK Department. There is no specific provision for any specific audit arrangements in these rules.

While there is no direct role for Audit Scotland, the Auditor General for Scotland, or the Accounts Commission in auditing the provision of UKG funding, I would recognise that these bodies do have a remit to consider how these funds are applied by local authorities and other public bodies in Scotland. I understand that there are no immediate plans for specific audit work in this area but that this will be kept under review.

I trust this clarification assists your understanding of the audit and accountability arrangements for EU replacement funding.

Yours truly



JOHN SWINNEY

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot



Accredited
Until 2020

