

Auditor General's Work Programme

Consultation on priorities and pipeline of audits

Introduction

1. The Auditor General for Scotland, working with Audit Scotland and the Accounts Commission, helps make sure public money is well spent to meet the needs of Scotland's people. Through the audit process he works to provide clear, independent and objective assurance on how effectively public money is being managed and spent. This is more important than ever given the challenges and uncertainties facing Scotland's public services and public finances.

2. He does this by reporting in public on spending and financial management, by examining what public bodies are doing to address short and longer-term issues, and considering how services are designed and changed. With its unique view of public services, public audit considers the complex relationships and connections across the public sector, and how the problems people face in their lives span organisational and sectoral boundaries. It can put Scotland's people – the citizens who pay for, use and rely on public services – at the centre of understanding how well those services work and of decisions about how money is spent.

3. The Auditor General's work programme sets out the audit work we plan to deliver during 2024/25 and 2025/26. The work programme is dynamic and we review and update it on a continuing basis to ensure it responds to changing circumstances. The draft work programme is attached, providing information about both confirmed products and others currently under consideration or development.

4. This consultation document sets out:

- how the Auditor General intends to respond to the current context for the public sector in Scotland – including the focus, intended outcomes and priority audit themes for the years ahead.
- audit work in the pipeline for the next two years, including a summary of confirmed audit products.

Consultation on the draft work programme

5. The purpose of this consultation is to ensure that the Auditor General's longer term work programme considers key areas of interest to the Parliament and is focusing on those topics that will add greatest value in supporting effective Parliamentary scrutiny. The Auditor General will use the feedback from the Parliament and other key stakeholders to refine his longer-term work programme.

6. We would particularly welcome feedback from the Parliament on the following areas:

- the proposed public audit response to the current operating context for the Scottish Government and public services (slides 3 to 7)
- the content of the pipeline of audit work for April 2024 to March 2026 (slides 8 to 17)
- priority areas for audit work and any gaps in our proposed response.

Auditor General for Scotland work programme

Priorities and pipeline of future audits

18 April 2024

We would like feedback from the Parliament on the following areas:

- our proposed public audit response to the current operating context for the Scottish Government & public services (slides 3 to 7)
- the content of the proposed audit work programme for April 2024 to March 2026 (slides 8 to 17)
- areas of priority for audit work
- any gaps in our proposed response

Context - Scotland faces some of its biggest challenges in decades

- Economic and demographic pressures mean public services are facing rising demand at the same time that the financial outlook is the tightest it has been since devolution. There are serious risks to the sustainability of services. Difficult choices need to be made about both public spending and service provision, and about balancing immediate concerns with longer-term redesign and change.
- In the short term, the cost-of-living crisis is deepening existing inequalities in areas such as poverty and health, and the opportunities and outcomes for people. Scotland continues its recovery socially and economically from the pandemic.
- In the longer term, services need to be reformed to ensure their sustainability, and responding to climate change will necessitate restructuring key parts of Scotland's economy.

- Public audit plays a key role in informing and assuring people about how well public money is spent, and about how services perform. It informs, advocates for and supports changes and improvements at public bodies and in services. And it can help improve the efficiency and effectiveness of public spending, the performance of services, and the impacts on the lives of people across Scotland.
- It does this by reporting in public on spending and financial management, by examining what public bodies are doing to address short- and longer-term issues, and considering how services are designed and changed.
- With its unique view of public services, public audit considers the complex relationships and connections across the public sector, and how the problems people face in their lives span organisational and sectoral boundaries. It can put Scotland's people – the citizens who pay for, use and rely on public services – at the centre of understanding how well those services work and of decisions about how money is spent.

Public audit's response – our focus

Assessing how the Scottish Government & public bodies are:

Tackling the challenges (What)

Short-term focus: Affordable, effective & sustainable public services

Longer-term focus:
Strategic outcomes

**People across
Scotland benefit
from better public
services**

Enabling system change (How)

Redesigning and reforming public services:

- Empowering people and communities
- Partnership working
- Preventative spending, tackling inequalities and promoting equality and human rights
- Improving efficiency

Intended audit outcome	Why this matters
Public services in Scotland work better together to target resources more effectively	Tackling complex economic, social and environmental challenges such as inequalities and climate change requires a whole-systems approach and better collaboration across public bodies. The pace and scale of reform in the Scottish public sector needs to increase.
Financial planning and management are more effective across Scotland's public services	Public bodies are facing rising costs and increasing demands, and there are now significant sustainability risks to public services. Public bodies in Scotland need to carefully manage their financial position now and over the longer-term.
Public bodies deliver clearer and more transparent reporting	Openness and transparency around public spending and decision-making is a critical part of effective government and democracy. It ensures citizens have the information they need to participate and Parliament has what it needs to scrutinise public spending.
Our recommendations have a positive impact for people in Scotland	Credible, timely and accurate audit work makes a difference to people's lives. By implementing our recommendations, public bodies can improve financial management, service sustainability and ultimately the issues affecting people and communities.

Reform & sustainable services

- Fiscally sustainable public services in context of rising demand and financial constraints; increasing efficiency and reducing costs; reducing long term demand through prevention.
- Improved outcomes, reduced inequalities of outcome, supporting the most vulnerable.
- Reform and innovation across the system and in individual public bodies.
- Workforce, skills & capacity.

Public finances

- Levels, sources and volatility of tax revenues, funding and public spending.
- Financial sustainability of public bodies; financial balance; affordability.
- Effective financial management; ensuring value for money; delivering positive outcomes.

Economic growth & wellbeing

- National economic strategy, support for business; green economy; skills, innovation and productivity; collective wellbeing of current and future generations.
- Economic development; supporting and enabling investment; growing the tax base.
- Place based/ regional economic growth.



Environmental sustainability & climate change

- Delivering climate change commitments and related issues of environmental sustainability.
- Just transition to net zero.
- Adaptation and the costs of climate change.

Inequalities & poverty

- Tackling poverty
- Lessening the impact of inequalities on different communities.
- Health and social care services.

People & communities

- Relationships between public bodies and the people and communities they serve.
- Lived experience; impact of actions and decisions on different individual and groups.
- Partnership working, community planning and third sector involvement.

Audit work in the pipeline – April 2024 to March 2026

Area of focus	Latest plans
Annual audits of public bodies	<p>We aim to improve governance and transparency and provide insight through effective engagement and scrutiny of delivery within 225 individual public bodies.</p> <p>The annual audit</p> <p>The annual audit includes the audit of the financial statements and other reports within the annual accounts and the wider-scope audit responsibilities: Financial management, Financial sustainability Vision, leadership and governance, Use of resources to improve outcomes. Auditors use their professional judgement to assess risks within individual audited bodies and design their audit approach in response to those risks.</p> <p>Statutory reporting</p> <p>The Auditor General will consider the findings of the annual audits and may prepare reports to bring significant findings to the attention of the Scottish Parliament.</p>
Care experienced children and young people	<p>We are planning a briefing paper focused on delivering improved outcomes for care experienced people, as set out in The Promise. Potential areas of interest are governance and accountability for delivering The Promise, information and data to monitor progress and impact, and associated public spending. Work on this briefing would start later in 2024 and we aim to publish mid- 2025.</p>

Area of focus	Latest plans
<p>Children and young people with additional support needs</p>	<p>We are planning audit work looking at the learner journey for children and young people who need additional support. This could focus at a high level on trends in demand, how services are provided and perform (as far as data is available), any evidence of a shift to early intervention, what available data on outcomes and spending shows and data gaps. We may also consider progress against the recommendations of the Morgan review of the implementation of the 2004 additional support for learning legislation. We are progressing our scoping work to ensure we focus on the areas where we can add most value alongside the Education, Children and Young People Committee’s work in this area, aiming to publish in early 2025.</p>
<p>Climate change</p>	<p>We have commenced a performance audit of sustainable transport. Transport is the largest source of emissions in Scotland, with the largest share of these coming from cars. The Scottish Government has a target to reduce car kilometres by 20 per cent by 2030. This will require more individuals to travel by active and public transport, and also share car journeys. This audit will consider the progress of the Scottish Government and councils in delivering the target to reduce car use, and is expected to be published in early 2025.</p> <p>We are planning a performance audit looking at how the public sector is leading action to adapt to the impacts of climate change that we know are already unavoidable. This will consider how well public bodies are ensuring we have resilient communities and that the poorest and most vulnerable in our communities are protected from the impacts of climate change, with a focus on flood protection. We expect to report in mid-2025.</p>

Area of focus	Latest plans
Counter fraud	<p>We will continue to look for opportunities to raise awareness and report in a variety of ways on fraud across the Scottish public sector. The next iteration of the National Fraud Initiative will complete in summer 2024. We will also continue to publish the annual fraud and irregularity report. This report summarises cases of fraud and other irregularities at public bodies reported by external auditors, and shares risks and case studies to support the Scottish public sector in the prevention of fraud.</p>
Digitalisation and digital exclusion	<p>We will shortly publish a performance audit report on Digital Exclusion. This audit is looking at how well public bodies are tackling digital exclusion, how it affects access to services and the impact this has on people in Scotland, and their human rights. We want this audit to improve understanding of digital exclusion, identify who is affected by it and how public bodies need to consider the needs of all service users in achieving the benefits of reform through digitalisation. It will support improvement through making recommendations and identifying innovative or positive practice in tackling digital exclusion.</p> <p>The development of a suite of common platforms by the Scottish Government – digital identity, digital payments, cloud computing - is key to the digital transformation of public services. We are considering the potential for a future performance audit of this area given the significant cost, importance to delivery of public sector reform and the risks associated with delays to the programme.</p>

Area of focus	Latest plans
Drug and alcohol services	<p>We are currently conducting a performance audit of drug and alcohol services. Our audit is primarily focused on treatment and recovery services, but we will also consider how well embedded prevention is in national strategies and the adequacy of investment in this area. This includes how well partners are working together to deliver services that meet the needs of people at risk of harm. We expect to publish our report on this audit in autumn 2024.</p>
Scotland's colleges	<p>Scotland's colleges are vital to learners and local communities. Risks to the college sector's financial sustainability have been increasing with rising staffing costs colleges' biggest financial pressure. In September 2023 we reported that the Scottish Government and the Scottish Funding Council urgently need to build on their ongoing work to help colleges plan for change now, and make best use of available funding so that they are sustainable for the future. As the latest annual audits of Scotland's colleges are concluded we are considering how best to report on developments across the sector later in 2024.</p>
Community Health and social care / National Care Service	<p>We are monitoring developments in the social care sector on the issues highlighted in the January 2022 joint briefing including workforce challenges, sector capacity and financial risks. We are also monitoring progress with the National Care Service (NCS) Bill and the Scottish Government's planning for the NCS.</p> <p>We are considering the interconnections and dependencies across sector-based reform in health and social care and local government, including the impact the development of the NCS has on the shape and size of local government, on NHS services, and on governance and funding arrangements. We are considering a range of audit outputs which will focus on the current issues and challenges facing the social care system in Scotland. We are also considering potential audit work on the Scottish Government's planning and preparations for the establishment of the NCS.</p>

Area of focus	Latest plans
Justice	<p>We continue to monitor developments in the justice sector following recent reporting on the Scottish Prison Service and Criminal courts backlogs. We are considering what audit reporting would add value in other areas that have a significant impact on the justice system such as community justice and legal aid reform.</p>
National Health Service	<p>With the way health and care services are delivered expected to change, we will continue to adapt our approach to auditing the NHS. The ongoing scale of the financial challenge facing the NHS is clear. A systematic approach to reform is required to deliver financially sustainable health and care services. This will require both time and financial investment. We will look to use the annual NHS overview in 2024, continuing to report on how well the NHS in Scotland is responding to these challenges.</p> <p>We are also planning a performance audit looking at demand and capacity in primary care and progress with wider primary care reform – focussing on general medical services. Primary care is the cornerstone of our health and social care system. Over 90 percent of health interactions take place in primary care. The new General Medical Services contract (2018) was part of the Scottish Government's plans to transform primary care services through a programme of reform; since then there is some evidence of ongoing capacity challenges. We are beginning our scoping work to ensure we focus on the areas where we can add most value, aiming to publish in Spring 2025.</p>

Area of focus	Latest plans
Police and Fire and Rescue	<p>We will undertake Best Value audit work on policing and fire and rescue service during the current audit appointment period. We are conducting research and development work on policing to inform the potential scope and approach to this work. We anticipate reporting in the second half of 2025 at the earliest. This will be followed by development work on Fire and Rescue services. We will work closely with two relevant inspectorates (HMICS and HMFSI) on the scope and timing of this work.</p>
Public finances and public service reform	<p>The Scottish Government's Medium-Term Financial Strategy make clear the extent of the significant fiscal challenge ahead. Reform of the public sector is needed to make public finances sustainable. This will involve making difficult decisions to prioritise and reduce spending to affordable levels while protecting public services. Spending decisions must be well considered and affordable. We are planning to undertake a performance audit looking at how well the Scottish Government is managing its overall approach to financial sustainability and reform. This will consider how it is making sure its spending on public services is affordable remains affordable and is effective. We expect to publish our report in late 2024.</p> <p>We continue to develop our programme of work looking at the progress of reform across significant areas of the Scottish Government's budget, including in many of the areas of focus highlighted in these slides. We will also continue to report annually on the Scottish Government's finances and provide additional assurance reporting on the administration of Scottish Income Tax.</p>

Area of focus	Latest plans
Poverty	We are developing options for a full performance audit on child poverty, which is likely to start in 2024/25, allowing us to include data on performance against the 2023/24 interim targets for reducing child poverty. Future audit work relating to services for children and young people will also consider links with child poverty.
School education	We are continuing to monitor progress against the recommendations in the 2021 joint report on Improving outcomes for young people through school education through ongoing monitoring of relevant publications and stakeholder engagement. We anticipate carrying out further audit work, but not until 2026 at the earliest.
Social Security	We are progressing options for a performance audit of Social Security, looking at the additional costs and benefits of Scottish specific approaches and devolved assistance payments. Work is currently anticipated to start later in 2024 with reporting in summer 2025 and will be coordinated with planned work on child poverty. We continue to monitor benefit administration through our audit of Social Security Scotland.
Supporting economic development and growth	We are planning a Performance Audit on the Scottish National Investment Bank. We anticipate that this work is likely to include an early assessment of corporate governance arrangements, the extent to which the Bank is delivering its missions, how its activities and emerging portfolio of investment aligns with these and how the Bank is evaluating the impact of investments. Work on this audit will commence shortly with a view to publishing in the last quarter of 2024/25. We are also considering subsequent work on the wider landscape for supporting economic development, including the role of the three Scottish enterprise bodies.

In the pipeline: April 2024 to June 2025

Summary of confirmed products (1 of 2)

Product	Type	Author	Quarter
Digital exclusion (slide 11)	Performance audit	Joint – AGS and Commission	Q1 24/25
National Fraud Initiative (slide 11)	Report	Audit Scotland	Q2 24/25
Scotland's colleges 2024 (slide 12)	Briefing	AGS	Q2 24/25
Drug and alcohol services (slide 12)	Performance audit	Joint – AGS and Commission	Q2 24/25
Scottish Government consolidated accounts 2023/24 (slide 14)	Statutory report – S22	AGS	Q3 24/25
Public service reform & fiscal sustainability (slide 14)	Performance audit	AGS	Q3 24/25
Administration of Scottish Income Tax 2023/24 (slide 14)	Report	AGS	Q4 24/25
Additional support for learning (slide 10)	Briefing	Joint – AGS and Commission	Q4 24/25
Sustainable transport (slide 10)	Performance audit	Joint – AGS and Commission	Q4 24/25

In the pipeline: April 2024 to June 2025

Summary of confirmed products (2 of 2)

Product	Type	Author	Quarter
NHS in Scotland 2024: Focus TBC (slide 13)	Overview	AGS	Q4 24/25
Scottish National Investment Bank (slide 15)	Performance audit	AGS	Q4 24/25
Primary Care (slide 13)	Performance audit	AGS	Q1 25/26
Adapting to climate change (slide 10)	Performance audit	Joint – AGS and Commission	Q1 25/26
Care experienced children and young people (slide 9)	Performance audit	Joint – AGS and Commission	Q1 25/26