



The Scottish Parliament
Pàrlamaid na h-Alba

Scottish Commission for Public Audit

Stephen Boyle
Auditor General for Scotland
Audit Scotland

6 March 2026

Dear Stephen

Future Public Audit Model

Thank you for seeking the views of the Scottish Commission for Public Audit on the current public audit model which is set out in the Code of Audit Practice (the Code) and is currently out for consultation.

General

As you are aware, the Commission has a distinct role in that it appoints the Accountable Officer for Audit Scotland, examines Audit Scotland's proposed budget, appoints the auditors of Audit Scotland, has the power to initiate value for money examinations into Audit Scotland, and to make relevant appointments to Audit Scotland's board.

We note that Audit Scotland now audits almost £60 billion (in cash terms) of Scottish public sector spending and that the number of bodies being audited has risen over time with potentially further bodies coming into the public audit regime.

The Commission understands that the aim of the Code is to ensure high-quality public audit that is impactful, timely and affordable; while maintaining assurance to the public and those being audited that public money in Scotland is being spent properly, efficiently, and effectively. Our response therefore concentrates on the quality of public audit, the audit delivery model, audit fees and communication of the audit model.

Quality of public audit

Over the course of this Parliamentary session, the Commission has considered three annual reports into the Quality of Public Audit in Scotland as part of our scrutiny of Audit Scotland's proposed budget.

One of the issues that has arisen in our discussions is the number of late audits, which although expected due to the phased recovery from the impact of COVID-19, is a key measure of audit quality. Having up-to-date audit information can support

Contact: Scottish Commission for Public Audit, The Scottish Parliament, Edinburgh, EH99 1SP. Email scpa@parliament.scot. We welcome calls through Relay UK and in BSL through Contact Scotland BSL.

public bodies to make decisions on their policy delivery. Ideally, the target dates for all late audits should be recovered before the start of the next five-year audit appointment cycle. The Commission would like to ensure that any changes to the Code do not negatively affect the progress that is being made in addressing late audits.

We trust that this will be considered as part of your review of the Code.

Mixed-market delivery model

The Commission is aware that the current approach to public audit in Scotland is a mixed-market approach where audits are undertaken by Audit Scotland and appointed private firms and that this approach has been in place for 25 years. Around a third of the annual audits are currently being carried out by private audit firms. This model, the Commission notes, enables specialist experience and strengthens Audit Scotland's ability to work with UK and Scottish professional regulators and others to promote and strengthen public audit.

The Commission is supportive of the mixed-market model where this facilitates a flexible and sustainable supply of cost-effective, high-quality audits. Through our scrutiny, the Commission is aware there are some potential challenges on the horizon for the delivery of public audit:

- A risk that not enough external auditors bid to undertake public audits due to:
 - the procurement process being prohibitive (i.e. too complex or costly) putting off small and medium firms from bidding, or
 - the work and/or rewards are not attractive enough to encourage firms to bid.
- A reduction in the number of Audit Scotland graduate places available.

If any of these factors were to materialise, they could lead to a reduction in the number of auditors skilled in undertaking public audits.

Collectively, these factors could significantly affect Audit Scotland's capacity to deliver public audit work, as substantially more in-house auditors would be required. This would likely increase staffing costs and present challenges in recruiting and training sufficient qualified staff.

The Commission is mindful that the Code is important in ensuring that public audits are undertaken to a consistent standard. We are aware that the next procurement round for external auditors will go hand-in-hand with the publication of the new Code. As such, we draw your attention to the above factors and ask that the Code be reviewed to ensure that it continues to support consistency and assurance for auditors and stakeholders should any or all these factors come to fruition.

Fees for audit

A further connected issue is the rising cost of audit across the UK. This has a direct relationship with affordability and value for money. It is noted that the cost of following the International Standards on Auditing (ISA) model is significant and increasing and that the costs of audit could be a third less if a full ISA audit is not undertaken.

The Commission does not have a view on whether public audit should follow the ISA model, but we note that some public sector bodies are not always set up with technical systems that are able to produce information compatible with newer external audit systems. As such, some public bodies need to carry out a lot of work to get information ready for audit. This could potentially impact the timely and affordable delivery of public audit, making it harder for Audit Scotland to meet audit deadlines.

Communication of the public audit model

You have stated that a single Code allows a “coherent and comprehensive framework for public audit in Scotland to be set out for auditors and stakeholders in one document” and that “using the medium of a single code sends out a clear message that different parts of the public sector are held to the same standard of accountability within a consistent public audit regime”.

The Commission considers a single, comprehensive Code to be the most effective and transparent means of setting out expectations for public audit in Scotland.

A unified Code ensures that all audited bodies, regardless of the sector, size, or governance arrangements, are subject to a consistent framework of audit principles, standards, and reporting requirements. This promotes clarity for auditors, accountability bodies, and the public, and reduces the risk of inconsistency or divergence in how audit responsibilities are interpreted or applied. The Commission also believes that a single Code strengthens confidence in the overall audit regime by demonstrating that the same high standards of scrutiny and assurance apply across the entirety of the public sector.

We wish you well with your wider consultation and would reiterate the importance of carefully assessing any proposed changes to the public audit model or the Code, to ensure they do not inadvertently compromise the effective and efficient delivery of public audit in Scotland.

Yours sincerely,



Colin Beattie MSP

Chair