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Agenda Item: 5

Integration Joint Board Audit Committee

Date of Meeting: 23 June 2020.

Subject: Audit Scotland Publication – COVID-19 – What it means for public audit in Scotland.

1. Summary

1.1. Audit Scotland has released a briefing on the impact of COVID-19.

2. Purpose

2.1. To consider Audit Scotland's information briefing on the impact of COVID-19 on the audit of public sector under the challenging circumstances of the coronavirus pandemic.

3. Recommendations

The Audit Committee is invited to note:

3.1. The Audit Scotland briefing – COVID-19 – What it means for public audit in Scotland, attached as Appendix 1 to this report.

3.2. That Audit Scotland is having to adapt its working practices and reprioritise activities in light of the coronavirus pandemic.

3.3. That the Auditor General for Scotland and the Accounts Commission are considering extending current audit appointments by a year.

4. Impact on Audit Work

4.1. Audit Scotland, like many organisations, has been impacted by the lockdown as a result of the coronavirus pandemic and is having to reflect on its work priorities, working practices and the practicalities of conducting audit work remotely.

4.2. The short briefing, attached as Appendix 1 to this report, COVID-19 - What it means for public audit in Scotland, gives some insight into the impact of the pandemic on the work of auditors and the approach that will be followed.

5. Audit Approach

5.1. The briefing report sets out context in which the report has been prepared; the principles that Audit Scotland will follow in performing their role; the implications of the changes in the financial audits of organisations including some new flexibilities; the temporary suspension of performance audit; and resourcing issues including the Auditor General for Scotland and the Accounts Commission's consideration of extending the current audit appointments by a year.

5.2. The overview section of the briefing outlines that Audit Scotland recognise that they are operating in a dynamic environment and will be taking a phased approach in helping Parliament and the public understand how public money has been used during this crisis and ensure that lessons are learned for the future.

6. Contribution to quality

Please indicate which of the Council Plan 2018 to 2023 and 2020 vision/quality ambitions are supported in this report adding Yes or No to the relevant area(s):

Promoting survival: To support our communities.	No.
Promoting sustainability: To make sure economic, environmental and social factors are balanced.	Yes.
Promoting equality: To encourage services to provide equal opportunities for everyone.	Yes.
Working together: To overcome issues more effectively through partnership working.	Yes.
Working with communities: To involve community councils, community groups, voluntary groups and individuals in the process.	Yes.
Working to provide better services: To improve the planning and delivery of services.	Yes.
Safe: Avoiding injuries to patients from healthcare that is intended to help them.	No.
Effective: Providing services based on scientific knowledge.	No.
Efficient: Avoiding waste, including waste of equipment, supplies, ideas, and energy.	Yes.

7. Resource implications and identified source of funding

7.1. There are no financial implications directly arising from this report.

8. Risk and Equality assessment

8.1. There are no risk or equality implications directly arising from this report.

9. Direction Required

Please indicate if this report requires a direction to be passed to:

NHS Orkney.	No.
Orkney Islands Council.	No.
Both NHS Orkney and Orkney Islands Council.	No.

10. Escalation Required

Please indicate if this report requires escalated to:

NHS Orkney.	No.
Orkney Islands Council.	No.
Both NHS Orkney and Orkney Islands Council.	No.

11. Author

11.1. Pat Robinson (Chief Finance Officer), Integration Joint Board.

12. Contact details

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13. Supporting documents

13.1. Appendix 1: Audit Scotland briefing – COVID-19 – What it means for public audit in Scotland.

COVID-19

What it means for public audit in Scotland

Our approach

Context

- Public bodies are under exceptional pressure as they manage the impact of the pandemic.
- Guidance and deadlines for financial reporting have been amended to reflect this.
- It will be some time before we fully understand the impact on public services and finances.

Audit Scotland's principles

- Our approach to audit will be flexible, pragmatic and consistent.
- Sound financial management and effective governance are more important than ever.
- Audit has a key role in providing assurance and aiding scrutiny during these difficult circumstances, and we will prioritise quality and independence.
- Our work needs to reflect the impact of COVID-19 on public services but also maintain a focus on the other key challenges facing Scotland's public sector.
- We will safeguard the health and wellbeing of our colleagues at all times.

Financial audit

- To reflect the pressure on public bodies, the deadlines for preparing accounts for public bodies are being extended. These changes will impact on timings for audit work and reporting.
- Standard-setters are allowing bodies to streamline the information they provide in performance and accountability reports, but financial statements remain unchanged.
- There is considerable uncertainty and volatility in individual bodies' capacity for reporting and engaging with audit.
- Governance will be a key focus, including the new arrangements put in place by public bodies in response to COVID-19.
- We will work with colleagues, including contracted audit firms, to promote consistency of judgement on complex issues.
- We will maintain audit quality while being flexible about timelines.

Performance audit

- The majority of performance audit work has been paused as we review our work programme and our capacity.
- Those audits that were either completed or very close to completion are being published.
- Others are being reviewed on a case-by-case basis.
- We are reviewing our forward work programme to reflect the new risks and challenges public bodies face.

Resourcing

- We will need to be flexible with our resources to manage the changing timescales and priorities.
- We will seek to mitigate the impact of remote working on our audits.
- The Auditor General for Scotland and the Accounts Commission are considering extending the current audit appointments by a year.

Future COVID-19 audit work

Overview

Audit Scotland is committed to helping Parliament and the public understand how public money has been used during this crisis and ensure lessons are learned for the future.

The complex and dynamic nature of the COVID-19 crisis means we will need to take a phased approach.

Phase 1 (short term)

- Briefing the Scottish Parliament on emerging audit risks linked to the public sector response to COVID-19.
- Considering what this means for our future work programme and the work of the Parliament's Public Audit and Post-Legislative Scrutiny Committee (PAPLS).

Phase 2 (medium term)

- Developing the work programme to consider the impact of COVID-19 on:
 - specific sectors (eg, NHS, further and higher education, justice, local government)
 - policy commitments (eg, early learning and childcare expansion, addressing child poverty)
 - thematic issues raised by COVID-19 (eg, the impact on Scotland's public finances, fraud risk management, inequalities).


Phase 3 (longer term)

- Identifying lessons that can be learnt from the public sector's response.
- Assessing the outcomes achieved from key Scottish Government spending and programmes related to COVID-19.
- Aligning our work programme with the Scottish Government's work to rebuild Scotland's economy, remove inequality and advance wellbeing.

COVID-19


What it means for public audit in Scotland

This report is available in PDF and RTF formats,
along with a podcast summary at:
www.audit-scotland.gov.uk 

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