



The Scottish Parliament  
Pàrlamaid na h-Alba

**Scottish Commission for Public Audit**

The Scottish Parliament  
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15 December 2022

Dear Stephen,

**Audit Scotland Budget Proposal 2023/24**

Thank you to you and your colleagues for your time yesterday morning.

As you know, the Public Finance and Accountability (Scotland) Act 2000 requires that Audit Scotland prepares proposals for its use of resources and expenditure and sends these proposals to the Scottish Commission for Public Audit (SCPA). The SCPA is required to consider Audit Scotland's budget proposals and to report its views to the Parliament.

The Members of the SCPA considered all the evidence heard at the meeting this morning and agreed that, at this point in time, the SCPA does not feel able to recommend that Audit Scotland's total budget proposal for 2023/24 be approved.

Members agreed that I should write to you, setting out the concerns expressed and seeking more details which may then, on examination, enable the Members of the SCPA to make a recommendation to the Parliament for the total funding request.

The SCPA noted a request for total funding increase of £563,000 from 2022/23. This included a figure of £278,000 related to an "increase in Accounts Commission support" (page 6 of the Budget Proposal) which amounts to almost half of the overall funding increase. This was explained at today's meeting as being the result of a 'change programme' which was decided upon by the Accounts Commission. The newly-created post of Controller of Audit accounts for £155,000 with the balance being required to support the change programme to provide what was described as "more dedicated resource". This includes the proposed creation of a 'small

secretariat' to support the Accounts Commission carrying out analytical work, stakeholder engagement and providing a refreshed website.

The SCPA notes that the post of Controller of Audit has now been created and filled, although the budget bid for 2023/24 had not been considered or agreed by the SCPA or the Parliament.

The SCPA also notes the evidence provided to suggest that the Controller of Audit post has been created following a 'steer' from the Minister for Social Security and Local Government to the Accounts Commission. The Chair of the Accounts Commission explained to the SCPA that this arose from a meeting between the Chair and the Minister and that during that meeting, the Minister had suggested that the Commission should increase its profile and impact and become more 'visible'.

The Chair of the Accounts Commission indicated that Minister has met with the Accounts Commission "a couple of times this year". He confirmed that that he did not believe there was a minute of the recent meeting.

Not having had sight of any documentation in relation to the Accounts Commission's change programme or the newly created post, the SCPA would be keen to understand more about the rationale for both and, specifically, the drivers that led to the need for the programme and also to the full-time post of Controller of Audit and the duties of the postholder. Further the SPCA would be keen to learn more about evaluation and assessments undertaken of the need for more staff for analytical work, stakeholder engagement and providing a refreshed website and how this relates to the increase in the overall budget figure of £278,00.

Specifically—

- what were the issues identified by the Scottish Government that led to the 'steer' from the Minister which resulted in a change programme being adopted by the Accounts Commission?;
- what are the objectives associated with an increase in profile, impact and 'visibility'?;
- was there any assessment of the capacity within Audit Scotland to carry out the work that has been described to the SPCA?;
- what are the duties of the Controller of Audit post and has this post been evaluated and assessed as a full-time role given the responsibilities attached to the role were formerly covered on a part-time basis?;
- why was the post created and filled before the budget proposal had been agreed to by the Parliament?
- confirmation of whether you are aware if there is a record or minute of meetings held between the Accounts Commission's Chair and the Minister.

The other issue on which Members would like a fuller explanation and more detail is the variation across sectors in fee uplifts. Members noted the

explanation provided in the meeting however, we would welcome further information and a reassurance that cross-subsidisation across sectors has not taken place. It would be helpful therefore if you could provide some examples of the fee increases being proposed for a sample of bodies within each sector set out in Appendix 2 on page 20 of the budget proposal. Given the implication that the costs to deliver certain audits in the current and in previous years has exceeded the fee income charged for that work, we would welcome further analysis of the current fees versus the current costs of the audits. Explanations on how the losses from delivering these audits have been absorbed without the need to cross subsidise would also be of assistance.

Members will consider the additional information provided by Audit Scotland before deciding on next steps in this process. This may include (but not be limited to) additional meetings and evidence gathering.

The SPCA would be grateful for a detailed response by close on 20 December 2022.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Colin Beattie', with a long horizontal flourish extending to the right.

**Colin Beattie MSP**  
**Chair**