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Public Audit and Post-legislative Scrutiny Committee Comataidh Sgrùdadh Poblach agus Iar-reachdail

Annual Report 2017-18



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Public Audit and Post-legislative Scrutiny Committee

The remit of the Public Audit and Post-legislative Scrutiny (PAPLS) Committee is to consider and report on the following (and any additional matter added under Rule 6.1.5A)—

- (a) any accounts laid before the Parliament;
- (b) any report laid before or made to the Parliament by the Auditor General for Scotland; and
- (c) any other document laid before the Parliament, or referred to it by the Parliamentary Bureau or by the Auditor General for Scotland, concerning financial control, accounting and auditing in relation to public expenditure.
- (d) post-legislative scrutiny.



<http://www.parliament.scot/parliamentarybusiness/CurrentCommittees/public-audit-committee.aspx>



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Committee Membership



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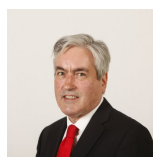
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Scottish National Party



Bill Bowman
Scottish Conservative
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Willie Coffey
Scottish National Party



Iain Gray
Scottish Labour



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Introduction

1. This report covers the work of the Public Audit and Post-legislative Scrutiny Committee during the parliamentary year from 12 May 2017 to 11 May 2018.
2. The Public Audit and Post-legislative Scrutiny Committee work is primarily focussed on the scrutiny of reports produced by the Auditor General for Scotland (AGS). The AGS is responsible for scrutinising the expenditure and performance of directorates of the Scottish Government and most other public spending bodies (with the exception of local authorities). Through the Committee's scrutiny it helps to ensure that public funds are spent wisely and holds to account those who are charged with spending taxpayers' money.

Membership changes

3. Previous Members of the Public Audit and Post-legislative Scrutiny Committee during the reporting year are:
 - Jackie Baillie MSP (until 22 December 2017) (Acting Convener)
 - Ross Thomson MSP (until 12 June 2017)
 - Bill Bowman (from 27 June 2017)
 - Monica Lennon MSP (until 10 January 2018)
 - Iain Gray MSP (from 10 January 2018)

Inquiries and reports

4. The Committee considered 15 new reports from the AGS, eight of which were 'Section 23 reports'ⁱ which examined the economy, efficiency and effectiveness of the public sector. Seven were 'Section 22 reports'ⁱⁱ which concerned the audit of accounts of individual public bodies. The Committee took oral evidence from the AGS and/or Audit Scotland officials on each report. The Committee also considered one report from the Comptroller & Auditor General report, which was accompanied by a report of assurance by the AGS.

Section 22 reports

5. Of the section 22 reports, the following are highlighted: (full details of the Committee's work on each report are available on [the Committee's website](#)):

6.
 - [The 2016/17 audit of the Scottish Police Authority](#)

This report highlighted issues of governance and financial sustainability at the Scottish Police Authority (SPA). The Committee took evidence from the former chair, the former chief executive and current board members of the SPA and received written evidence from the Scottish Government. The Committee also took evidence from Scottish Government officials on settlement agreements and severance policy, which also included discussion of SPA-related issues. The Committee concluded its work by writing to the SPA deputy chair and the new chair of the SPA seeking information about the action that would be taken in response to the section 22 report and the Committee's concerns. The Committee's work was covered extensively by the media, helping to demonstrate to the public how it holds public bodies and officials to account.

7.
 - [The 2016/17 audit of NHS Tayside](#)

This report highlighted continuing concerns about the current and future finances of NHS Tayside, which has needed Scottish Government loans (also known as 'brokerage') for a number of years. During the course of the Committee's scrutiny of the audit, further evidence emerged about the inclusion of e-health funds in the deferred expenditure and, subsequently, allegations were made regarding the use of endowment funds. The Committee took extensive evidence, including from the members of the Assurance and Advisory Group, the chair of the board and chief executive of NHS Tayside and from the Scottish Government, including the Cabinet Secretary for Health and Sport. Again, the Committee's work was covered extensively by the media, helping to demonstrate to the public how it holds public bodies and officials to account.

i These reports are laid in Parliament under the powers of Section 23 of the Public Finance & Accountability Act 2000, which confers upon the AGS the ability to examine the economy, efficiency and effectiveness of public bodies and report the findings to Parliament.

ii Section 22 reports are prepared by the Auditor General if any specific concerns or issues have been raised in the audit of one of the public bodies for which she is responsible. This is done under Section 22 of the Public Finance and Accountability (Scotland) Act 2000.

8. • [The 2015/16 audit of Edinburgh College](#)

The report highlighted concerns about the college's current financial position and future sustainability. The Committee took oral evidence from the Principal, the Chief Operating Officer and the chair of the board of Edinburgh College. The Committee also sought further written evidence from the college and the EIS-FELA branch concerning the relationship between the branch and the college.

9. • [The 2015/16 audit of Moray College](#)

The report highlighted concerns about the college's current financial position. The Committee took oral evidence from the Assistant Principal, Director of Finance, board chair and vice chair of Moray College and the Principal and chief operating officer of the University of the Highlands and Islands (UHI). As a result of the evidence received, the Committee subsequently wrote to UHI seeking further information about severance and governance arrangements.

10. • [2015/16 audit of Lews Castle College](#)

The report highlighted concerns about financial sustainability arising from the college not achieving learning activity targets. The report also highlighted that delays in appointing board members had a significant impact on governance arrangements. The Committee took evidence from the principal and the Principal and chief operating officer of the University of the Highlands and Islands (UHI). Following the evidence session, the Committee wrote to the Minister for Further Education, Higher Education and Science about the college's future sustainability and its funding settlement.

Section 23 reports

11. In this section, the outcomes resulting from the Committee's scrutiny of particular Section 23 reports are discussed (again, full details of the Committee's work are available on its website):

12. • [Common Agricultural Policy Futures Programme: further update](#)

This report provided a further update on the processing of CAP payments to farmers and crofters. The report stated that the system was not yet working as efficiently as planned and would require significant additional investment. It concluded that, to date, the programme has not delivered value for money. Given the continuing concerns set out in the report, the Committee took evidence from the Scottish Government and, subsequent to the oral evidence session, wrote to the Scottish Government about a number of matters. The Committee continued to receive regular progress updates.

13. • [NHS in Scotland 2017](#) and [NHS workforce planning](#)

These reports looked at the challenges facing the NHS Scotland, including workforce planning. The Committee took oral evidence from NHS boards and from the Scottish Government on NHS workforce planning and then wrote to the Scottish Government about a number of issues arising from both reports.

14. • [Scotland's colleges 2017](#)

This report was the latest in a series that provides an overview of the college sector in Scotland. It gave an update on college finances and an analysis of learning activity. The Committee took oral evidence from the Scottish Government, Scottish Funding Council and Colleges Scotland. Following the evidence session, the Committee agreed to write to the Cabinet Secretary for Education and Skills about pay levels at Glasgow Colleges' Regional Board, and to highlight to the Education and Skills Committee issues arising from its scrutiny of this audit.

15. • [Transport Scotland's ferry services](#)

This report looked at Transport Scotland's spending on ferry services to determine whether it is value for money, including whether there was clarity around the operation of subsidised ferry services. The Committee took oral evidence from Transport Scotland and subsequently wrote to Transport Scotland about the pension issues arising from the report.

16. • [Early learning and childcare](#)

This joint report from the Accounts Commission and the AGS focussed on the Scottish Government's plans to increase funded early learning and childcare to 1,140 hours by 2020. The Committee took evidence from the Scottish Government, in particular, on the risks associated with the financing and workforce issues arising from the expansion.

17. • [Principles for a digital future](#)

This report brought together lessons learned from ICT projects from Audit Scotland's previous reports. It was intended to provide a useful set of principles to help public bodies deliver digital and ICT programmes. The Committee took evidence from the Scottish Government on the report and then wrote to the Scottish Government seeking further information about a range of issues, including lines of accountability. The Committee also sought six monthly updates on the progress of major ICT projects.

Other work

18. The Committee also built on work arising from commitments given by the Scottish Government and others to its predecessor committee. The Committee continued to consider biannual [Major Capital Projects](#) progress updates, and an annual report on [settlement agreements in the public sector](#). The Committee suggested further changes to the information included in the Major Capital Projects progress updates. The Committee also took oral evidence from the Scottish Government on severance agreements and severance policy.

19. Every year, the UK's Comptroller and Auditor General reports on Her Majesty's Revenue and Custom (HMRC)'s [administration of the Scottish Rate of Income Tax \(SRIT\)](#). The AGS provides assurance on that report. Having taken evidence from the National Audit Office (NAO) and the AGS, the Committee sought further

clarification on a number of issues from the Comptroller and Auditor General and from the HMRC.

Engagement and innovation

20. The Committee uses Audit Scotland reports as the basis for its scrutiny and the opportunities to engage with the public are therefore far more limited than other committees'. However, whenever the Committee has a chance to involve the public in its work every effort is made to do so.
21. The Committee's remit includes post-legislative scrutiny. In recognition of the external demand for such scrutiny, the Committee agreed to invite suggestions for future work from members of the public and stakeholders. A total of 24 Acts were suggested and [five Acts have been shortlisted for post-legislative scrutiny](#).
22. The Committee's continued with its work on the [National Fraud Initiative \(NFI\) exercise](#) in respect of which it undertook its first ever piece of post-legislative scrutiny, on the legislation underpinning the NFI. Following a call for evidence and oral evidence sessions with local authorities, audit bodies from across the UK and the Scottish Government, the Committee published its report. The report called on the Scottish Government and Audit Scotland to work with participating bodies to consider how best to raise public awareness of the NFI and how its successful outcomes could best be publicised. The report emphasised that this should involve a review of current practice and consideration of a more proactive and comprehensive advertising strategy.
23. The Committee combined its scrutiny of the joint report by the Accounts Commission and the Auditor General for Scotland on [Self-directed support 2017 progress report](#) with post-legislative scrutiny of the Social Care (Self-directed Support) (Scotland) Act 2013. The Committee invited written submissions and took oral evidence from stakeholders and then took oral evidence from the Scottish Government. The Committee subsequently wrote to the Cabinet Secretary for Health and Sport with its recommendations on the main issues raised.
24. The Committee launched a [call for evidence](#) in relation to its post-legislative scrutiny of the biodiversity and biodiversity reporting duties placed on public bodies by the Nature Conservation (Scotland) Act 2004 and the Wildlife and Natural Environment (Scotland) Act 2011.
25. The Committee's [Twitter account](#) now has over 1,300 followers, an increase of approximately 300 since its predecessor committee's last annual report. The Committee's tweets are often complemented by retweets and live coverage from national and local media. The Committee also use its account to circulate committee correspondence and Official Reports of its meetings, to demonstrate how it tries to bring about improvement.

Bills and UK legislation

26. The Committee does not usually consider Bills and has not had the opportunity or occasion to comment or influence UK legislation. However, the Committee has continued to scrutinise the audit and accountability arrangements for bodies affected by the Scotland Act 2016. In particular, the Committee took oral evidence from the Auditor General on [the draft framework](#) and sought the view of other committees. The Committee wrote to the Cabinet Secretary for Finance and the Constitution and the Chief Secretary to the Treasury setting out the concerns expressed by the committees.

Equalities

27. Audit Scotland builds diversity and equality into its national performance audits, and its Audit Management Framework requires it to consider any potential equalities issues at the scoping stage of each performance audits. Audit Scotland briefings to the Committee reflect any particular impacts of policies on equalities groups, ensuring that any potential equalities issues can be picked up by members in considering how to take forward the recommendations in AGS reports.

Meetings

28. The Committee met 32 times in this Parliamentary year, with all meetings held in the Scottish Parliament. 30 meetings were held partly in public and partly in private, 1 meeting was held wholly in public and 1 meeting was held wholly in private. The purpose of the majority of private items was to consider the approach to specific AGS reports (e.g. to consider which witnesses to request oral or written evidence from) or to consider the Committee's work programme.

