

GUIDANCE

Sharing International Practices

A Profile of the legislative oversight committee in Scotland



CANADIAN AUDIT
& ACCOUNTABILITY
FOUNDATION

ACKNOWLEDGEMENTS:

This publication is an update to the Scotland section of CCAF's 2011 *Sharing International Practices – A Profile of Legislative Oversight Committees in the United Kingdom and Scotland* document. It was created to complement the keynote speech delivered by **Mary Scanlon**, Deputy Convenor of the Public Audit Committee, Scotland, at the 2015 Canadian Council of Public Accounts Committees (CCPAC) Canadian Council of Legislative Auditors (CCOLA) conference. For this updated version, CCAF is grateful for feedback and input provided by **Jane Williams**, Clerk, and **Gary Cocker**, Assistant clerk Public Audit Committee, Scotland and CCAF Associate **Geoff Dubrow**. For a complete background on the publication, or for specific research methodology, please see the 2011 version.

© 2015 CCAF-FCVI Inc.

Published by:

CCAF-FCVI Inc.
291 Olmstead Street
Ottawa, Ontario, Canada
K1L 7J9
Tel.: 613-241-6713
Fax: 613-241-6900
www.ccaf-fcvi.com

ISBN 978-1-926507-09-5

SHARING INTERNATIONAL PRACTICES

A Profile of the
Legislative Oversight Committee
in Scotland

TABLE OF CONTENTS

SCOTLAND	1
ENDNOTES	26
REFERENCES	28

SCOTLAND





Attribute 1

POWERS AND PRACTICES

TO BE EFFECTIVE, A PAC SHOULD BE GRANTED SPECIFIC AUTHORITATIVE POWERS AND USE THOSE POWERS APPROPRIATELY.

- **Mandate** According to the Scottish Public Finance Manual¹, the mandate of the Public Audit Committee is to consider and report on:
 - Any accounts laid before Parliament;
 - Any review of the accounts made for Parliament by the Auditor General for Scotland (AGS); and
 - Any other document related to financial control, accounting and auditing in relation to public expenditure that:
 - Is a report of the Auditor General for Scotland,
 - Laid before Parliament,
 - Referred to the PAC by the Parliamentary Bureau.²
- **Reviewing value-for-money audit reports** The vast majority of the Committee's time is spent on reviewing performance audit reports, which are also referred to as "3E examinations". The AGS has a performance audit mandate under the Public Finance and Accountability (Scotland) Act of 2000.³
- **Reviewing the accounts** The Committee was briefed on the audited accounts of 13 public sector bodies during session 4 (i.e. since the previous election in 2011). Each involved a qualified opinion or report on an issue of concern to Parliament. While the Committee did not issue its own report on these issues, the Committee did in many cases call witnesses and request written evidence related to the findings of the AGS.
- In April 2015, following consideration of the AGS report entitled *Update on Developing financial reporting*, the Committee agreed to introduce an annual cycle of audit scrutiny. This will include piloting an annual hearing with the Permanent Secretary of the Scottish Government on the Scottish Government's consolidated accounts later in 2015. This process is ongoing.

- **Local government** The Committee's mandate excludes review of local councils, police and fire boards. Audit reports of these entities are considered by Scotland's Accounts Commission, a government-appointed body, rather than the PAC. The Controller of Audit is responsible for auditing these entities. Audits undertaken by the Controller of Audit and those done by the AGS are both performed under the same organization – Audit Scotland.

The Accounts Commission of Scotland

The Accounts Commission of Scotland's role is to "secure the audit of Scottish local government and to consider reports arising from that audit". This focus on local government includes all local authorities, including police and fire and rescue joint boards and other similar public bodies.

Source: Audit-Scotland website: <http://www.audit-scotland.gov.uk/about/ac/>

Summary of PAC letter to the Scottish Government, dated 9 April 2015

Following consideration of the AGS report entitled *Update on Developing financial reporting*, the Committee agreed to introduce an annual cycle of audit scrutiny, mindful of the potential for further financial powers to be devolved to Scotland in future. In particular, the Committee proposes to hold an annual hearing with the Scottish Government on its consolidated accounts. The Auditor General for Scotland has indicated that she would consider how Section 22 reports could be used to support this work.

The Committee has also agreed to pilot scrutiny of the Scottish Government's consolidated accounts this year with a hearing at the first available Public Audit Committee meeting, immediately following the laying of those accounts. The Committee agreed to explore with the Finance Committee how evidence on the Scottish Government's consolidated accounts can better inform the budget scrutiny process.

The Committee also proposes to scrutinize, on an annual basis the effectiveness and efficiency with which the Scottish civil service uses its resources (most likely as part of a hearing on the Scottish Government's consolidated accounts). Some of the information contained within the Government's consolidated accounts that could inform these hearings includes:

- Sickness/absence rates
- Recruitment
- Remuneration
- Under or over-spending of budget items.

The Committee is also exploring whether any Key Performance Indicators used by the Scottish civil service might also be used as part of this process.

Finally in the report entitled *Update on developing financial reporting*, the AGS highlights the work currently underway by the Scottish Government to develop proposals to improve and enhance financial reporting. The Committee heard from the AGS about the benefits of Public Sector consolidated accounts in providing a picture of the whole Scottish public sector. The Committee is exploring with the Scottish Government the proposal to provide Public Sector consolidated accounts.

Source: Letter from the Public Audit Committee to the Scottish Government, dated 9 April 2015

Attribute 2

LEGISLATIVE SUPPORT

AN EFFECTIVE PAC DEPENDS UPON THE SUPPORT AND COOPERATION OF THE LEGISLATURE AND OF PAC MEMBERS FROM ALL PARTIES.

- **Membership** According to the Standing Orders, no member of the Scottish Government or junior Scottish Minister may be a member of the Committee and no member who represents a political party which is represented in the Scottish Executive may be Convener of the Committee.
- Membership on the PAC is proportionate to the number of seats each party has in the Chamber.
- **Convening meetings** The Convener (known as the chair in most jurisdictions) sets the meeting times. A time slot is provided for Committee times, as meetings cannot occur while the plenary is meeting (meetings of all Members of Scottish Parliament held in the Debating Chamber).
- While technically the Committee can meet when Parliament is not in session, this does not occur as a result of Parliament's "family friendly" approach. Breaks usually occur during the holiday season when MSPs (Members of the Scottish Parliament) spend time in their constituencies.
- **Self-initiated inquiries** The Committee can only hold inquiries on topics covered in the report of the Auditor General for Scotland (AGS). However, the all-party "Parliamentary Bureau" can refer matters to the Committee. That said, the Committee has proactively undertaken work in relation to the introduction of a Scottish rate of income tax (SRIT) and the audit and accountability arrangements for the proposed further devolution of powers.
- **Debating PAC reports** During session 3 (2007-2011), a two-hour debate was held on the PAC's report on "Key Themes".⁴ This comprised a discussion about the cross-cutting issues (transparency, governance and collection of performance information) identified by the Committee in its consideration of various reports. As a result, debates were not held during session 1 or 2 or to date in Session 4.⁵
- Historically, however, while other parliamentary committee reports were debated in Parliament, the PAC did not request debating time for their reports given their narrow focus on audit matters.



Attribute 3

GOVERNMENT SUPPORT

AN EFFECTIVE PAC NEEDS BOTH THE SUPPORT OF THE GOVERNMENT (CABINET) AND THE COOPERATION OF SENIOR PUBLIC OFFICIALS (DEPUTY HEADS OF DEPARTMENTS / HEADS OF AGENCIES).

- ***Witnesses before the PAC*** The PAC generally calls the Accountable Officer to give testimony. On occasion, the PAC will invite a minister to appear as a witness.
- According to the Scottish Public Finance Manual, the Permanent Secretary of the Scottish Government is the Principal Accountable Officer (PAO) for the Scottish Administration. However, the PAO designates persons as accountable officers for parts of Scottish administration. These accountable officers will appear before the PAC as witnesses to deal with inquiries the Committee may have related to an AGS audit report. For example, a number of directors-general are appointed accountable officers for specific parts of the core Scottish government departments, as are chief executives of Scottish Government executive agencies. Both sets of accountable officers frequently appear before the PAC when required to do so.
- The Accountable Officer can bring other staff to the PAC to assist in answering questions.
- While the PAC has the power to compel witnesses to appear, this has not been necessary. An invitation to appear has been sufficient.
- ***Requests for information*** The Protocol between the Scottish Parliament and the Scottish Government in Relation to the Handling of Committee Business⁶ governs the manner in which government responds to requests for information by the PAC. For example, the government must respond within 4 weeks to any Committee correspondence. “Accountable officers” that are requested to appear before the PAC must be given three weeks notice.
- In regard to Committee requests for written evidence, the Protocol dictates that the Government should be given 3-4 weeks to provide that information in the case of an inquiry.

- *Witness guide* There is a guide for witnesses appearing before committees titled “Appearing Before A Scottish Parliamentary Committee: What You Need to Know”.⁷ The Guide provides committee witnesses with important information to help them understand how the committee operates, and what they need to know to facilitate their appearance before the committee. The Guide includes information on:
 - how to submit written evidence;
 - how the committee treats written evidence;
 - the layout of the committee room;
 - how committee hearings are conducted, including information on giving opening statements and evidence;
 - how the official report of the hearing will be produced;
 - what will happen after the meeting, including how witnesses may claim expenses.
- *Satisfaction with witness replies* Regarding satisfaction of members with the quality of witness responses, there have been some instances in which Committee members questioned the credibility of witness responses. One such instance was during hearings held in 2015 with NHS Highland on its financial management in 2013/14. In the Committee’s report, it stated that “Despite two hearings with NHS Highland witnesses and a number of written submissions and reports, we have been unable to reconcile the evidence we received about when brokerage was first discussed with the NHS Highland board and how the board was kept informed.”⁸



Attribute 4

CONTINUITY AND TRAINING

PACS HAVE A PARTICULAR ROLE AND FUNCTION.

IT TAKES TIME AND TRAINING FOR COMMITTEE MEMBERS TO UNDERSTAND THE UNIQUE ROLE, FUNCTIONS AND CULTURE OF THE COMMITTEE.

- **Duration of membership** Members of the Committee are not appointed for the entire session of Parliament (i.e. for the life of the Parliament). So far in Session 4, there have been 13 changes in membership, and there have been three different Conveners of the Committee (i.e. Committee Chairs). As new members joined the Committee, they were individually briefed by the Committee clerks.
- **Training** While no training per se is held around enhancing members' understanding on the machinery of government, public sector management, or financial literacy, such issues can be raised during the business planning day that occurs early in the new parliamentary session. However, training on Committee procedures and processes is provided to all new members and the Parliament is exploring what training could be offered to Members on financial issues on a rolling basis.
- **Written material** The Committee produces both an annual report and a legacy paper. The latter identifies the practices and activities undertaken by the Committee during the parliamentary session. Both are discussed in more detail in Attribute 12.

Attribute 5

STAFFING AND BUDGET

A PAC NEEDS PROFESSIONAL STAFF SUPPORT IF IT IS TO BE EFFECTIVE. COMMITTEE CLERKS AND RESEARCH STAFF CAN PREPARE MATERIAL IN ADVANCE OF MEETINGS, PROVIDE BRIEFINGS AND WRITE REPORTS.

- *Staff serving the PAC* The PAC is served by 2 clerks – a Senior Assistant Clerk and an Assistant Clerk. There is also a Committee Assistant assigned to the PAC for more administrative tasks on a half-time basis.
- The clerks perform a diverse series of tasks, which include drafting suggested questions for Committee members and drafting the Committee reports. Clerks are hired for their skills (such as communication), with the assumption that the knowledge of parliamentary procedure and practice will evolve over time. Clerks and committee assistants receive leadership training, and take skill-based training courses, including writing and report writing.
- *Tenure of staff* Given that clerks are rotated through different parliamentary committees, the average tenure of the clerks is 3-4 years, although some clerks have served the PAC for a period of eight years.



Attribute 6

PLANNING

PLANNING CAN SIGNIFICANTLY ENHANCE THE EFFECTIVENESS OF A PAC IN PREPARING FOR MEETINGS AND FOCUSING ON HIGHER PRIORITY ISSUES.

- ***Developing a work plan*** In the Scottish Parliament, committees as a whole are actively involved in planning their long-term priorities at the commencement of a new parliamentary session. This is accomplished through a “business planning day”. The PAC usually engages in a half-day session to decide on how the Committee will conduct its business throughout the session. For example, the Committee might discuss how the Convener should respond to media inquiries and how the Committee should conduct its hearings.
- The Committee may also use the business planning day to consider its future work programme. This is aided by a rolling audit work plan publicly available on the Auditor General for Scotland’s (AGS’s) website.⁹
- ***Role of the Convener*** There is no steering committee or subcommittee devoted to planning the Committee’s work. Most day-to-day planning details are handled by the Convener in discussion with the Clerk. The role of the Convener is set out in the Standing Orders of the Scottish Parliament, and supplemented by additional Guidance for Committee Conveners.¹⁰
- The Convener is responsible for setting out the meeting agenda for the Committee, though choosing topics of inquiry requires the approval of the Committee (as set out in Rule 12.3.1 of the Standing Orders). In practice, it is the Committee Clerk who prepares a draft agenda for approval by the Convener. Once the Convener has set the agenda, the Committee Clerk will then notify Parliament by means of a ‘business bulletin’.
- The Guidance also strongly recommends that the Convener meet regularly with the Clerk to discuss the agenda and the handling of Committee business. It recommends that regular scheduled meetings take place with the clerking team. The Guidance also suggests that the Deputy Convener (also an opposition member) be involved in this process. Finally, the Guidance also recommends that the Committee as a whole review its work programme throughout the year to allow for priorities to be adjusted.

- *Selecting hearing topics* Not all subjects raised in the AGS' report will result in a hearing by the PAC. To determine what action needs to be taken, the PAC holds a hearing on audit reports from the AGS. The Committee meets in private to decide on how it will deal with the findings presented to the Committee. This could include:
 - holding a hearing;
 - identifying appropriate witnesses to appear before the Committee;
 - taking no action;
 - referring the report to another parliamentary committee;
 - asking for a government response
 - taking evidence from the "Accountable Officer".¹¹



Attribute 7

CONSTRUCTIVE PARTISANSHIP

PACS FUNCTION MORE EFFECTIVELY WHEN MEMBERS DEVELOP CONSTRUCTIVE WORKING RELATIONSHIPS WITH EACH OTHER AND WITH WITNESSES, AND WHEN MEMBERS FOCUS ON IMPROVING THE ADMINISTRATION OF GOVERNMENT PROGRAMS.

- ***Avoiding questions of policy*** From time to time, the Convener will remind Members of Scottish Parliament (MSPs) that their questions are straying beyond administration into the realm of policy.
- ***Working by consensus*** While there is an ethos of a consensual working relationship, this is not always the case. Decision-making does occur occasionally through recorded votes. Following elections on May 5, 2011, Session 4 of the Parliament has for the first time been governed by one party with an outright majority. With committee membership proportional to the allocation of seats in the **House**, there is a majority of Government members on the Public Audit Committee. There has been one instance in Session 4 when the opposition members of the Committee dissented to a report. Following Committee agreement, a minority/dissenting statement reflecting the opposition members views was included as an annexe to the report.
- ***Role of the Convener*** The Convener (known as the Chair in most other jurisdictions) is responsible for good conduct of meetings, including ensuring that questioning does not stray beyond the mandate of the Committee. Guidance for committee conveners suggests that conveners can actively participate in the questioning of witnesses. The Guidance states that, “It is the role of the Convener to facilitate debate and, where possible, allow the Committee to reach a consensus view, whilst acknowledging that there will be differences in the views of members”.

Attribute 8

RELATIONSHIP WITH THE LEGISLATIVE AUDITOR

A SIGNIFICANT FACTOR CONTRIBUTING TO THE EFFECTIVENESS OF A PAC IS ITS RELATIONSHIP WITH THE LEGISLATIVE AUDITOR. THE RELATIONSHIP SHOULD BE CLOSE AND MUTUALLY SUPPORTIVE AND BUILT ON SHARED TRUST AND UNITY OF PURPOSE, BUT WITH DISTINCT ROLES AND INDEPENDENCE OF ACTION.

- **Briefing the Committee** One of the functions of the Auditor General for Scotland (AGS) is to assist the Committee with understanding the key issues in the AGS reports. For all of the reports laid before Parliament by the AGS, the Committee receives a briefing from the AGS. This briefing is conducted in public. At the same meeting, the Committee agrees, in private, on its approach to the report. The various approaches that the Committee can take are covered in Attribute 6. So far in Session 4, the Committee received briefings by the AGS on 47 reports. This included 13 reports related to the audited accounts of public sector bodies.
- **Role of AGS during hearings** The AGS is present as a regular witness before the PAC.
- According to the Scottish Public Finance Manual¹², the AGS “is not obliged to report the results of examinations to the Parliament”. It indicates that, nonetheless, it should be assumed that all reports will be laid before Parliament and considered by the PAC.

Auditor General for Scotland

SECTION 69, SCOTLAND ACT, 1998

- 1 There shall be an Auditor General for Scotland who shall be an individual appointed by Her Majesty on the nomination of the Parliament.
- 2 A recommendation shall not be made to Her Majesty for the removal from office of the Auditor General for Scotland unless the Parliament so resolves and, if the resolution is passed on a division, the number of members voting in favour is not less than two-thirds of the total number of seats for members of the Parliament.
- 3 The validity of any act of the Auditor General for Scotland is not affected by any defect in his nomination by the Parliament.

Attribute 9

REPORTING

PAC MEMBERS MAY HAVE A DIFFERENT PERSPECTIVE THAN THE LEGISLATIVE AUDITOR. IN ADDITION TO ADOPTING OR SUPPORTING THE LEGISLATIVE AUDITOR'S RECOMMENDATIONS, THE COMMITTEE MAY WISH TO MAKE ADDITIONAL RECOMMENDATIONS AND OBSERVATIONS THAT REFLECT THIS UNIQUE VIEWPOINT.

- **Reporting and recommendations** So far in session 4, the Committee issued 112 reports (not including Committee annual reports). The Committee reports generally contain recommendations that supplement those contained in the report of the Auditor General for Scotland (AGS). Reports can also include requests for additional information from the Scottish Government (see text box on page 16). In fact, the decision by the Committee to hold a hearing and call witnesses on an AGS report is often influenced by “opportunity (for the Committee) to add value by ultimately publishing its own report on the issues raised”.¹³
- **Requesting a government response** The requirement for a government response to recommendations is spelled out in the Protocol between the Scottish Parliament and the Scottish Government in Relation to the Handling of Committee Business.¹⁴
- The Scottish Government, through its Accountable Officers, responds to the recommendations in the Committee’s reports. This is done through its formal responses to the Committee’s reports, submitted within two months of those reports.
- **Report on key themes** Close to the end of session 3, the Committee reviewed the reports it had issued during the entire session and concluded that, of the issues it has recommended action on, several had arisen in more than one report. The Committee decided to group those issues into three key themes and, where appropriate, include extracts from relevant reports in order to illustrate its concerns. The key themes were:
 - Transparency;
 - Data collection and measuring quality; and
 - Governance.
- **Requesting responses from other public sector organisations** The Committee can also direct recommendations to public bodies within its reports. For example, the Committee has made a number of

recommendations to NHS Highland regarding its financial management (see text box below for example).

Example of Committee Recommendations and Request for Additional Information – Role of Boards

In its 2015 report on the 2013/14 audit of NHS Highland: Financial Management, the Committee made recommendations to the Scottish Government, AGS and Highland Health Board (NHS Highland). For example:

The Committee commented that ‘We would also welcome confirmation from the AGS of the planned annual budget for Raigmore Hospital and the targeted overspend for each of the remaining years of the 3 year recovery plan.’ (paragraph 35)

The Committee also reported that “However, in considering the role of the Board during the decision making process regarding brokerage we are concerned at witness comments that the Board's role was to 'monitor' the management of NHS Highland's finances (rather than to 'scrutinise and challenge' as recommended by the AGS). This does not suggest to us a climate of constructive challenge and scrutiny within the Board. We therefore request clarification from NHS Highland as to how it is encouraging this culture in its Board members.” (paragraph 73)

The Committee also recommended that NHS Highland consider seeking external review in evaluating its Board's performance. The Committee then also agreed to “seek the views of the Scottish Government on whether it would propose to update its guidance to NHS Boards to recommend external peer reviews of NHS Boards' performances. (paragraph 82)

Source: Public Audit Committee 2nd Report, 2015 (Session 4): Report on NHS Highland 2013-14: Financial Management

Protocol between the Scottish Parliament and the Scottish Government in relation to the handling of committee business

- The Protocol dictates that the government should respond to any committee report no later than two months after its publication:
 - In cases where the Committee report will be debated in the chamber within two months of publication, the government must provide its response a week before the report is debated.
 - In cases where the government cannot meet the response deadlines stipulated above, the responsible minister should write to the committee convener in advance outlining the reasons for the delay and indicating when the government response should be expected.
 - Government responses should address each recommendation in the committee report.

Key Themes Report – Excerpts from Section on Governance

7 The Committee has concerns that, despite the increased public scrutiny of how and where taxpayer funds are used, it remains the case that the Committee has not always been able to assure itself that public funds have been spent in accordance with the Scottish Public Finance Manual (“the SPFM”) or that the expenditure has represented effective, efficient and economical use of the money.

8 One of the recurrent themes of the Committee’s reports has been transparency in financial payments and decision taking. The ability to scrutinize and hold to account those responsible for the use of public funds is directly influenced by the availability of information. On occasion, the Committee has found that its ability to hold the Scottish Government and public bodies to account has been compromised by the difficulty in obtaining the relevant financial and decision making information.

10 In its 6th Report, 2009 (Session 3): The First ScotRail passenger rail franchise, the Committee considered and made recommendations on a number of issues arising from the First ScotRail passenger rail franchise extension. Much of the report focused on the declaration and management of the interests of the former Director of Finance and Corporate Services (“the Finance Director”) during the franchise extension, the circumstances of his departure and the quality of the evidence given to the Committee.

13 The Committee also expressed concern that it had not been able to obtain information in relation to the terms of the Finance Director’s resignation given the existence of a compromise agreement between the Finance Director and the Scottish Government. This meant that the Committee was not able to comment on whether the SPFM had been adhered to in relation to the use of public funds.

16 The Committee would welcome an update from the Scottish Government on whether it continues to make compromise agreements with departing staff and, if so, how this practice accords with the SPFM considerations that transactions should be open to proper scrutiny.

Source: Excerpts from 1st Report, 2011 (Session 3), Session 3 reports of the Public Audit Committee – key themes

Attribute 10

FOLLOW-UP PROCESS

PACs CAN CLOSE THE ACCOUNTABILITY LOOP BY HOLDING FOLLOW-UP HEARINGS AND BY MONITORING THE IMPLEMENTATION OF RECOMMENDATIONS.

- ***Review of government responses*** The Committee deliberates on the responses provided by government to its recommendations at Committee meetings. The Committee provides these government responses as part of the meeting papers issued for the meeting and these responses are discussed by the Committee in public.
- The Scottish Public Finance Manual (Public Audit Committee – paragraph 31)¹⁵ notes that the Committee may request that the Government provide two progress reports per session on the implementation of specific recommendations included in one or more of its reports. When considering the government’s response to the Committee’s report, the Committee will select which recommendations it would like to see included in the subsequent progress report. These reports are published as meeting papers in advance of the meeting and then are subject to discussion in public by the Committee. In Session 4, these progress reports were provided in May 2013 and May 2015.
- ***Role of Auditor General for Scotland (AGS)*** When conducting an audit on topics closely related to previous work, or on specific follow-up studies, the AGS may look at progress made by audited entities in implementing previous PAC recommendations.



Attribute 11

PERFORMANCE AND IMPACT

BY ASSESSING THEIR IMPACT AND VALUE-ADDED, PACS CAN BE CONFIDENT THAT THEIR WORK IS MAKING A SUBSTANTIVE DIFFERENCE IN THE DELIVERY OF PUBLIC SERVICES. THIS WILL HELP THE COMMITTEE TO COMMUNICATE THAT DIFFERENCE TO THE LEGISLATURE, MEDIA AND PUBLIC.

- **Reporting on impact** While the PAC does not have impact measurements per se, the Auditor General for Scotland (AGS) does publish impact reports, which are posted on the AGS website.¹⁶
- The AGS impact reports, which can vary, analyze the impact of their audit reports across three broad categories:
 - Media interest;
 - Parliamentary scrutiny;
 - Significant developments in relation to the original report's subject focus.

1) Media Interest

The report looks at any media coverage that was generated due to the release of the original audit report, and identifies specific areas of the report that were highlighted by the media. It also notes how many times the audit report has been downloaded from their website. For example, a recent AGS impact report following up on its audit report “Overview of Mental Health Services” indicated that the audit report had been downloaded 6,480 times and went on to note that this was almost double the average number of downloads for AGS reports.

2) Parliamentary Scrutiny

The report notes follow-up activity carried out by the Public Audit Committee. It also notes any work done by policy committees relevant to the original audit report and whether they cited the report in their work. Also noted are the number of questions asked in Parliament on the audit report specifically, and questions asked on the subject matter of the report more generally. For example, the impact report following up on the audit

report on mental health services mentioned above indicated that, in the month following the publication of the audit report, there were approximately 60 parliamentary questions on the issue of mental health posed by various Members of Scottish Parliament (MSPs). The impact report goes on to note that the Health & Sport Committee published a report on its Inquiry into Child and Adolescent Mental Health and Well-being that raised many of the same issues found in the AGS report Overview of Mental Health Services.

3) Significant Developments

The section outlining significant developments notes any government activity that has been initiated since the release of the original audit report. This includes both action taken in direct response to the findings of the report and activity that is indirectly related to the subject matter of the report. To take the impact report on the AGS audit report Overview of Mental Health Services again as an example, the report noted that the government had addressed one of the report's findings of long wait times for psychological services by establishing a national target for wait times to see a specialist. The impact report also noted that the government had launched a national dementia strategy and had committed to developing national standards of care for people with dementia.

Audit Scotland's Framework for Measuring Impact

TRACKING IMPLEMENTATION OF REPORT RECOMMENDATIONS

Report recommendations are also tracked in the impact report through a table containing a "summary of report impact against Audit Scotland's framework for measuring impact". This framework maps the impact of the initial AGS report's recommendations against four categories. These categories broadly indicate how the implementation of an AGS recommendation impacts the issue in question. The four categories are:

- Assurance and Accountability;
- Planning and Management;
- Economy and Efficiency; and
- Quality and Effectiveness.

Source: Audit Scotland. Overview of Mental Health Services – Impact Report. July 2010.



Attribute 12

COMMUNICATION

PACS CAN COMMUNICATE THE RESULTS OR IMPACT OF THEIR WORK TO THE LEGISLATURE, PUBLIC AND MEDIA. COMMUNICATING RESULTS OR IMPACT CAN STIMULATE PUBLIC DEBATE AND IN SOME CASES INCREASE THE LIKELIHOOD THAT GOVERNMENT TAKES NOTE OF THE ISSUES RAISED BY THE COMMITTEE.

- **Press releases and press conferences** Most PAC reports are accompanied by a press release (see an example of a press release on page 24). The releases are drafted by clerks in collaboration with the parliamentary media relations officer and are then considered by the Convener and Deputy Convener.
- One news release has been issued so far in 2015. In contrast, six news releases were issued in 2014, three in 2013 and two in 2012.
- Committees can hold press conferences, although this is not usually done by the PAC.
- **PAC website and webcasting** News releases are listed on the PACs website, as is an overview of current business. The Committee has its own twitter account @SP_PublicAudit with 498 followers (June 2015).”.
- Committee proceedings are webcast and archived on the PAC’s website for viewing at a later time.
- **Legacy paper** The Committee publishes an annual report¹⁷ as well as a legacy paper¹⁸ at the end of each session. The legacy paper provides information about the Committee’s working practices and issues the Committee has inquired into, as well as highlighting options its successor may wish to consider
- The legacy paper is intended to pass on the experiences of the Committee in one session to the members in the future parliamentary session. It is important to note that, in a significant departure from the Westminster tradition, committees do not consider themselves to be bound by precedent. Therefore, the legacy paper serves merely as advice to future PACs.
- The legacy paper describes the Committee’s ‘working style and experience’. For example, the legacy paper for session 3 indicated that, early in the

session, the Committee had agreed that it would like to seek a debate in the Chamber on the Committee's work. The legacy paper also imparted other practices such as typical meeting frequency for the Committee, the Committee's approach to considering AGS reports, and provides brief outlines of the reports issued by the committee during the session.

- *Annual report* The PAC also produces an annual report summarizing the hearings held and the reports published by the Committee. The 2014/15 annual report can be read at: http://www.scottish.parliament.uk/S4_PublicAuditCommittee/Reports/paur15-01w.pdf

Example press release from the Scottish Public Audit Committee: (next page)

Poor leadership and weak corporate governance contributed to NHS Highland's financial difficulties – Public Audit Committee

17 JUNE 2015

Poor leadership and complacency about budgetary oversight contributed to NHS Highland requiring an additional £2.5 million from the Scottish Government in order to break even in 2013/14, a Scottish Parliamentary Committee found today.

Reporting a number of observations and recommendations, the Public Audit Committee has raised concerns around issues of financial management and reporting, Board communications and vacancy management.

The report - 'NHS Highland 2013-14: Financial Management' – follows evidence gathered from the Auditor General for Scotland (AGS), Audit Scotland, the Scottish Government and NHS Highland - who provided evidence on two separate occasions. An AGS report entitled 'The 2013/14 Audit of NHS Highland: Financial Management' was tabled last October

Public Audit Committee Convener Paul Martin MSP said:

"In 2013/14, for the first time in 11 years, NHS Highland requested a loan - brokerage - from the Scottish Government to enable it to break even against its revenue and capital budgets.

"Given this we expected to find a robust and transparent system of checks and balances that showed exactly how that situation had developed and how and why the decision to request brokerage was arrived at. This was not the case.

"Instead the evidence from NHS Highland about when brokerage was agreed to and by whom was unclear and contradictory to an extent that we question how well informed the Board were and when they decided to seek brokerage.

"The fact that, for example, Raigmore Hospital continued to overspend year on year, despite £5 million extra funding in 2012/13, suggests to us a culture of complacency about budgetary oversight at the hospital and at the NHS Highland Board. The slow progress in addressing the causes of the overspending at Raigmore was exacerbated by the practice of creating compensatory underspends elsewhere in NHS Highland in order to break even.

"What was clear to the Committee was that without brokerage there could have been serious repercussions for patients. The lack of transparency about the need to seek brokerage meant there was little opportunity for the public and staff to understand early on why brokerage was being sought and the potential impact on services of paying it back over three years.

"Whilst we acknowledge that NHS Highland has taken steps to improve its financial management and reporting to the NHS Highland Board, it is essential for the future financial health of NHS Highland that all the actions and recommendations identified in the internal and external audit reports it has received to date are acted upon."

BACKGROUND

A copy of the Committee's report is available at http://www.scottish.parliament.uk/S4_PublicAuditCommittee/Reports/paur-15-02w.pdf

The relevant Audit Scotland report is available at http://www.audit-scotland.gov.uk/docs/health/2014/s22_141024_nhs_highland.pdf

More information about the work of the Public Audit Committee can be found at <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/29860.aspx>

MEDIA INFORMATION

Murray Meikle: 0131 348 5389

Text Relay calls welcome

Murray.meikle@scottish.parliament.uk

PUBLIC INFORMATION

- Telephone: 0800 092 7500
- Textphone users can contact us on 0800 092 7100
- We also welcome calls using the Text Relay service
- Text message: 07786 209888
- sp.info@scottish.parliament.uk
- You can also follow us on twitter @scotparl
- Like us on Facebook for updates on news and events
- Or find out more on YouTube

ENDNOTES

- ¹ This document can be accessed at <http://www.scotland.gov.uk/Topics/Government/Finance/spfm/scotparlaudcom>
- ² The Parliamentary Bureau serves four functions, as set out in Parliamentary Standing Orders (Rule 5.1), including the provision that “if 2 or more committees are competent to deal with a matter, to determine which of those committees is to be the lead committee responsible or that matter.”
- ³ “Value-for-money audit” and “Performance audit” are used interchangeably in Scotland.
- ⁴ This document can be accessed at <http://www.scottish.parliament.uk/s3/committees/publicAudit/reports-11/paur11-01.htm>
- ⁵ The dates of the parliamentary sessions are as follows: Session 1 (1999-2003); session 2 (2003-2007); session 3 (2007-2011).
- ⁶ The Protocol can be accessed at <http://www.scottish.parliament.uk/business/parliamentaryprocedure/g-spse/sp-se-protocol.htm>
- ⁷ <http://www.scottish.parliament.uk/vli/publicinfo/documents/Witnessleaflet.pdf>
- ⁸ http://www.scottish.parliament.uk/S4_PublicAuditCommittee/paur-15-02w.pdf – Paragraph 57 of Public Audit Committee 2nd Report, 2015 (Session 4): Report on NHS Highland 2013-14: Financial Management
- ⁹ http://www.audit-scotland.gov.uk/work/forwardwork_prog.php
- ¹⁰ http://www.scottish.parliament.uk/s3/committees/committeeConvenersGroup/docs/con_guidance.htm
- ¹¹ The term “Accountable Officer” is referred to as “Accounting Officer” in the UK.
- ¹² *Scottish Public Finance Manual*. AGS: Dealing with Draft AGS Reports. Paragraph. 8. <http://www.scotland.gov.uk/Topics/Government/Finance/spfm/agsaccounts/agsreports>
- ¹³ Parliament of Scotland. *Public Audit Committee Report, 6th Report*. 2011 (Session 3). Legacy Paper Session 3, paragraph 13.
- ¹⁴ <http://www.scottish.parliament.uk/business/parliamentaryprocedure/g-spse/sp-se-protocol.htm>
- ¹⁵ <http://www.scotland.gov.uk/Topics/Government/Finance/spfm/scotparlaudcom>

- ¹⁶ http://www.audit-scotland.gov.uk/work/all_national.php A good example of an AGS impact report is the 2010 “*Overview of Mental Health Services – Impact Report*”. This document can be downloaded at http://www.audit-scotland.gov.uk/docs/health/2010/ir_100728_mental_health.pdf
- ¹⁷ http://www.scottish.parliament.uk/S4_PublicAuditCommittee/Reports/paur15-01w.pdf
- ¹⁸ <http://www.scottish.parliament.uk/s3/committees/publicAudit/reports-11/paur11-06.htm>

REFERENCES

Audit Scotland. *Overview of Mental Health Services – Impact Report*. July 2010.

Conveners Group, Scottish Parliament. *Guidance for Conveners*. January 2007.

Letter from the *Public Audit Committee to the Scottish Government*, 9 April 2015 – http://www.scottish.parliament.uk/S4_PublicAudit-Committee/2015_04_09_PAC-SG_annual_audit_cycle.pdf

Minister for Parliamentary Business, Scottish Government & Conveners Group, Scottish Parliament. *Protocol Between the Scottish Parliament and the Scottish Government in Relation to the Handling of Committee Business*. October 2009.

Public Audit Committee. *15th Meeting, 2009: The First ScotRail Passenger Rail Franchise*. October 2009.

Public Audit Committee. *1st Report, 2011: Session 3 Reports of the Public Audit Committee – Key Themes*. January 2011.

Public Audit Committee. *6th Report, 2011: Legacy Paper Session 3*. March 2011.

Public Audit Committee. *7th Report, 2011: Annual Report 2010-11*. March 2011.

Public Audit Committee *2nd Report, 2015 (Session 4): Report on NHS Highland 2013-14: Financial Management* – http://www.scottish.parliament.uk/S4_PublicAuditCommittee/paur-15-02w.pdf

Scottish Government. *Scottish Public Finance Manual*. 2007.

The Scottish Parliament. *Appearing Before a Scottish Parliament Committee – What You Need to Know*. 2nd Edition. August 2007.

Standing Orders of the Scottish Parliament. 4th Edition. April 2011.