

Colin Beattie
Chair
Scottish Commission for Public Audit
T3.40
Scottish Parliament
Edinburgh
EH99 1SP

04 December 2018

Dear Mr Beattie

Audit Scotland Spring Budget Revision 2018/19 and Budget Proposal 2019/20

I look forward to meeting the Scottish Commission for Public Audit on 12 December 2018 to present the enclosed Spring Budget Revision 2018/19 and our Budget Proposal 2019/20.

Strategic Overview

The budget proposal is being submitted prior to the Scottish Government budget announcement on 12 December and any potential impact on our budget will be assessed following that announcement.

The main strategic operational and financial issues affecting Audit Scotland next year are the continued devolution of new financial powers to Scotland, public sector pay policy and uncertainty over the UK's withdrawal from the EU.

Public finances are becoming more complex, with implications for the role of public audit and independent scrutiny. As indicated in our 2018/19 budget submission, we have developed a four-year plan to increase our resources accordingly. This should provide us with the capacity, skills and knowledge to support the Scottish Parliament and others in scrutinising the new powers, auditing new agencies and assessing the impact of the UK leaving the EU. The second year of that plan is included in the 2019/20 budget proposal.

In addition to these challenges high quality audit remains a priority. We introduced a new Audit Quality Framework in 2017/18 and our budget continues to support enhanced quality review and reporting.

Budget proposal 2019/20

Our 2019/20 budget proposal to the SCPA is based on a total resource requirement of £7,564k, an increase of £416k (5.8%) in cash terms from the 2018/19 budget. In real terms (2018/19 prices) this represents an increase of 4.2%.

Indicative Forecast for 2020/21 and 2021/22

Our plan coincides with the timeline for implementing the new financial powers and associated audit work. To date, expenditure in these areas is in line with the funding projections set out in our 2018/19 budget submission. Over the three-year period to 2021/22 we plan a phased increase in resource requirements. Table 3 (Page 15) provides an indicative projection of staffing, revenue and capital requirements for 2020/21 and 2021/22.

I hope this overview of our proposal is useful; we would be happy to provide any further information in advance of the meeting.

Yours sincerely

A handwritten signature in black ink that reads "Caroline Gardner". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

Caroline Gardner
Accountable Officer