



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Public Audit and Post-legislative Scrutiny Committee

**Thursday 19 March 2020**

**Session 5**



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Pàrlamaid na h-Alba

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**PUBLIC AUDIT AND POST-LEGISLATIVE SCRUTINY COMMITTEE**  
**9<sup>th</sup> Meeting 2020, Session 5**

**CONVENER**

Jenny Marra (North East Scotland) (Lab)

\*Anas Sarwar (Glasgow) (Lab) (Acting Convener)

**DEPUTY CONVENER**

\*Liam Kerr (North East Scotland) (Con)

**COMMITTEE MEMBERS**

Colin Beattie (Midlothian North and Musselburgh) (SNP)

Neil Bibby (West Scotland) (Lab)

\*Bill Bowman (North East Scotland) (Con)

\*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)

\*Alex Neil (Airdrie and Shotts) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Caroline Gardner (Auditor General for Scotland)

John Mason (Glasgow Shettleston) (SNP) (Committee Substitute)

**CLERK TO THE COMMITTEE**

Lucy Scharbert

**LOCATION**

The Adam Smith Room (CR5)



## Scottish Parliament

### Public Audit and Post-legislative Scrutiny Committee

Thursday 19 March 2020

*[The Acting Convener opened the meeting at 10:00]*

### Decision on Taking Business in Private

**The Acting Convener (Anas Sarwar):** Good morning and welcome to the ninth meeting in 2020 of the Public Audit and Post-legislative Scrutiny Committee.

We have received apologies from Colin Beattie and Neil Bibby. I am pleased that John Mason is with us.

Item 1 is a decision on taking item 3 in private. Do members agree to do so?

**Members indicated agreement.**

## Work Programme

10:00

**The Acting Convener:** Item 2 concerns our approach to our future work programme. I welcome Caroline Gardner, Auditor General for Scotland, to the meeting this morning. Thank you for coming in this morning, in what are obviously uncertain times. I wish you, your family and all your team at Audit Scotland the very best in the coming weeks and months.

Given the exceptional circumstances, the committee wants to change its focus and have a discussion with you about what you think your approach as Auditor General—and Audit Scotland's approach—will be in the coming weeks and months and what that means for the committee's work. Members will have more detailed questions about that in a moment, but I understand that you want to make opening an opening statement.

**Caroline Gardner (Auditor General for Scotland):** Thank you, convener. It is my pleasure to be here. Best wishes to all members of the committee and staff, and your families, in these difficult times.

It goes without saying that we are in a situation that is unprecedented in living memory and that the Covid-19 epidemic is affecting all aspects of society, including the organisations that we audit. There are and will be immediate and long-term implications for financial reporting and audit across the economy.

The Financial Reporting Council issued advice to auditors and companies on Monday this week. At Audit Scotland, we are still working through the implications for auditors and the bodies that we audit. We will provide more information and advice in due course as that work develops, but in the meantime we welcome the opportunity that being here gives us to assure everyone that we will be taking a pragmatic and flexible approach to our work.

Everyone who is involved in public audit in Scotland is sensitive to the pressures on audited bodies and the vital services that they provide. Together, we are looking to defer and minimise the impact of audit, while, at the same time, emphasising that strong financial management and good governance will matter in these times.

In relation to our staff, the investment that we have made in flexible working is paying off. We closed our offices on Tuesday and everyone is able to work remotely. We have activated our incident management plan and we are meeting daily in incident management team mode.

At the moment, we are prioritising immediate business issues and communication with our staff and stakeholders, but we expect to move into longer-term planning over the next few days. This is a good opportunity for me to thank all my colleagues at Audit Scotland for their help in making that work as smoothly as it has done.

Events are moving fast for all of us and there is a lot that no one knows at this stage, but I am very happy to help the committee with its consideration of what Covid-19 means for our work and yours and how I and colleagues at Audit Scotland can help you in that regard.

**The Acting Convener:** Thank you. You rightly said that ensuring that there is good financial management and good governance, even at a time of crisis, is paramount. In that context, at a time of challenge, how do you see your role and that of Audit Scotland?

**Caroline Gardner:** I think that there are two dimensions to that. One is that we are communicating with our auditors and encouraging them to talk to individual bodies about the impact that Covid-19 is having on them, how they expect to be affected and what they expect that to mean for their financial reporting timescales. We see that as the core element of our work.

We expect that to vary from body to body. I suspect that health boards are flat out at the moment in thinking about how they can put their incident plans in place, get the equipment and staff that they need, deal with the impact on staffing of the school closures at the end of this week and so on. I expect health boards to be seriously affected by that.

Councils have a wide range of responsibilities. One of my senior team had a conference call yesterday with local government directors of finance across Scotland. At that stage, the news of school closures was just coming through. At that point, lots of them were thinking that they would prefer to close their accounts as normal and move on with planning for the future.

Different bodies across Scotland will be affected differently, and none of us knows how their staff will be affected individually by the coronavirus. We are not issuing blanket guidance. We are encouraging our engagement leads to talk to the bodies that they audit, to keep in touch as that develops and to plan accordingly.

Regarding the risks that were referred to, we know that the Scottish Government is working hard to set up ways of distributing the new funds that have been announced over the past couple of days for businesses and other sectors of the economy. That must be done in a way that provides assurance that the money is being spent

but which also gets it out quickly so that it has the intended effect.

It is now 19 March. As Auditor General, I act as the comptroller in authorising the draw-down of funds to Government from the consolidated fund. It is possible—not likely, but possible—that, in the next couple of weeks, now that the spring budget revision is out of the way, the Government might want to break the limits of the budget that have been approved for this year. We must think carefully about what that means and how we authorise that money, so that things such as ventilators can be bought when and as they are needed.

**The Acting Convener:** Do you think that, in the coming weeks and months, the focus will be on Audit Scotland trying as best it can to do what it planned to do, or will the focus shift completely, with the current situation becoming the new normal for an extended period of time? What is the focus for work, and what does that mean for reporting and so on? Do you know what I mean?

**Caroline Gardner:** I know what you mean. We are still working that out. What we have done so far is to put a hierarchy of audit work in place for our staff. There is some work that we simply cannot do. We cannot go out and interview colleagues, and it would make no sense to do performance audit work on acute areas of the health service. That is off.

Our next priority is what we are calling “non-contact audit” work—the things that can be done remotely. All of our staff are able to work from home using our secure information systems, video conferencing, Microsoft Teams and Skype for business. Staff can work remotely but still do normal audit work. Part of what they are doing now is assessing where that is appropriate, what they are likely to be able to do and what audited bodies are able to respond to. That is our first priority.

We then have audit-related work that people can do. We can bring forward audit quality reviews. We routinely do cold reviews of audit work and we can do some of that. We can do development work like revising and refreshing our audit methodology.

Beyond that, we are doing work that is not directly audit related: learning and development, and corporate development projects. We are also aware that we may, at some point, have to release staff to do civil volunteering work if we reach that stage. We have that in our longer-term planning, and we have that hierarchy to work through.

**The Acting Convener:** Do you still intend to publish reports?

**Caroline Gardner:** That is a live issue for us. There are two reports that have been through the clearance process and are due to be published in the near future. We expect to publish them as normal, although probably with less publicity, for obvious reasons.

For reports that have not gone into clearance, we are talking now to the bodies that they relate to, to see whether they are able to go through the normal clearance process with us. We would prefer to finalise those reports and get them out while they are still relevant, but we must be sensitive. We will then move into a longer-term planning process of looking at what our staff are able to do and at what the bodies that we audit are able to do. That will be from June onwards, which is the peak period of work for us and also potentially the peak period for the virus.

**The Acting Convener:** I will let Alex Neil ask a question in a moment, but I have a final question that I would like to ask. A decision will be made about parliamentary business by the business team and the Parliamentary Bureau, but what do you envisage being the role of this committee in the coming weeks and months? As you develop your work streams, what does that mean for us as we oversee that and as we challenge some of it?

**Caroline Gardner:** It will not be business as usual for any of us, but we have begun to think about how we might support the committee to do things that fulfil your remit, but in different ways. I am sure that the Parliament is thinking about remote working and about being able to hold sessions like this one by using technology. That is something that you will be taking forward.

We have been thinking about whether it would be appropriate for you to explore with the Scottish Government and other public bodies how they are responding to some of the challenges. That would need to be done sensitively and, I am guessing, remotely. It might be appropriate, from the point of view of not just assurance but learning lessons and spreading good practice, to think about how mechanisms can be put in place that will safeguard public money while the big stimulus in support is provided.

As we get past the immediate crisis phase and enter a steadier state of working differently, there are themes from previous evidence sessions that the committee could mine—I am thinking of issues that the committee has highlighted, such as workforce, national health service transformation and sustainability. That work would need to be done sensibly, but there is evidence that the committee could already be drawing on for its reporting when things start to get back to normal. I am sure that there is scope to explore through virtual ways of working the key audit themes that the committee has already identified. We would

obviously be happy to support the committee in doing any or all of that, with appropriate precautions and safeguards in place.

**The Acting Convener:** I know that I said that I was going to hand over to Alex Neil, but you have prompted me to ask an extra supplementary.

You mentioned the committee reflecting on some of the themes that have come through in reports, and looking at audit trails and so on. Do you envisage that you will work directly with the Government, and not just through the committee, to ensure that lessons from previous reports, and challenges that Audit Scotland has highlighted, are thought about by the Government as it makes day-to-day decisions?

**Caroline Gardner:** It is probably too early to give a definitive “yes” to that. I suspect that we will go through a relatively short period in which the situation develops very quickly and we have to respond to emergency circumstances. After that, we will face a longer haul over the summer period, during which we will think about how we can use our expertise to work with the Government and public bodies. There is scope for the committee to think about issues that it has touched on but has not been able to drill down into, because of limits on time, for example. That next phase, in which the situation will be much less active and more stable, might, depending on how long it lasts, be a good opportunity to do some of that work.

**Alex Neil (Airdrie and Shotts) (SNP):** You have already touched on the issue that I am about to raise. I imagine that there are severe limits, in practical terms, on the amount of work that you can do on things such as section 22 reports. I hear what you say about the section 22 reports that are nearing completion; realistically, do you envisage being able to start any new section 22 reports?

**Caroline Gardner:** That will depend on what happens with the audit of the accounts. The Auditor General decides whether to prepare a section 22 report based on whether the accounts and audit report of an individual body suggest that there is a matter that the Auditor General—I or my successor—should bring to the attention of Parliament.

If audits are completed on time, we will still have the normal communication processes to let us identify potential issues, so there is no reason why we should not be able to prepare, clear and publish section 22 reports in the normal way. Although we would be doing so remotely, they would look very similar to what we normally produce.

However, if bodies say that they simply cannot complete their accounts on time for audit, and we then have to push deadlines out, section 22 reports will be delayed.

We are also having to think about the possibility of things such as longer accounting periods. Audit Scotland could not put that in place, but it is possible that the statutory frameworks could be flexed to allow bodies to account for two years rather than one, and we could come back to the accounts next year. There would be definite downsides to that as well as short-term advantages, but we are having to think about all such circumstances. I cannot yet give you more assurance than to say that we are on the case.

**Alex Neil:** I am thinking of the health service, which, next year, will account for 50 per cent of Scottish Government expenditure. It is the one service that must not be interrupted unnecessarily. You mentioned acute care, but general practitioner services are already under enormous pressure, and that is likely to get much worse before it gets better. That is not to mention things such as the medicines budget and so on.

Many section 22 reports relate to aspects of the national health service. I presume that you would not want to divert resources unnecessarily from fighting coronavirus to audit work. I presume, too, that your auditors are fairly well tied up, because there is a lot of new money going into the health service as a result of the need to fight the virus. I presume that a very pragmatic approach will be taken to all that.

10:15

**Caroline Gardner:** “Pragmatic” and “flexible” are our keywords at the moment.

**Alex Neil:** Yes.

**Caroline Gardner:** We are talking to organisations body by body. The engagement leaders are now talking to the directors of finance about their situation, what they think they can do and what that means for us.

One option that we are considering is whether we should disapply the wider dimensions of our code of audit practice. I know that the committee has been looking at the consultation on the new code recently. In normal circumstances, the code reaches beyond financial statements. We are considering whether we should, for this year, focus only on financial statements in order to allow everybody to sign off that process and move on to the other things that they need to be doing. That would still provide a basis for section 22 reports, but not for section 23 performance audit reports, to the committee.

As I have said, we are alert to the fact that we need not just to be flexible in enabling bodies to focus on their core functions, but to make sure that good governance is maintained. That will look different: governance is necessary and bodies

need to be alert to the risks of fraud and other irregularity that none of us wants in the current circumstances.

**Alex Neil:** You mentioned in your introductory remarks the consolidated fund and the Scottish Government—understandably—wanting to take additional resource from it. That would be highly unusual. I do not remember it happening in my 22 years as an MSP. Maybe it has happened and I just do not remember. Could you say a word or two more about that? What are the implications of taking funding out of the consolidated fund?

**Caroline Gardner:** First, I do not think that it has happened in the 22 years since devolution—at least, not intentionally. From informal contact with colleagues in the Scottish Government, I understand that they do not think that they will need to break the budget limits over the next two weeks, as we head towards 31 March. However, the situation is moving very quickly. I am sure that the Government is talking to Her Majesty’s Treasury about flexibilities in accessing money that was announced in the UK budget last week and the Scottish Government’s response this week. They will be talking about what governance is needed and about the profile of spend. We are keeping in close touch on that, but the main thing that I can say now, as the person who is responsible for authorising drawdowns from the consolidated fund, is that it is inconceivable to me that I would not authorise spending that was needed to provide essential services.

We will also have to look at what other checks and balances are needed to make sure that Parliament is sighted on that, and that there are proper controls over the money, in order to make sure that it is being managed in the round for the best use for the people of Scotland.

**Alex Neil:** Is there any indication of the amount of additional money that might need to be taken from the consolidated fund?

**Caroline Gardner:** As I have said, colleagues in the Scottish Government at the moment think it unlikely that they will need to exceed the limits that have been authorised through last year’s budget and the autumn and spring budget revisions. However, we all know that the situation is changing very quickly.

**Alex Neil:** Obviously, billions of pounds more is coming to the Scottish Government on top of the UK budget announcement. Will that be audited as part of the normal audit for the coming year? The situation might go on into the next year, too, with more money being needed if we do not get a vaccine. Would that be handled separately or differently? Would it just be that there is more money but the same process is followed?

**Caroline Gardner:** At the moment, our assumption is that funding will come into the consolidated fund in the normal way and will be subject to audit in the same way, with as much wider reporting as seems to be appropriate at that time.

The committee might recall that we have reported in general terms, as the powers under the Scotland Act 2016 and the new fiscal framework have rolled out. There are now more routes by which money is coming into Scotland than simply into the consolidated fund through the Barnett formula, and going out. Even if that is not audited as part of the consolidated fund, we will try to ensure that Parliament has as complete a picture as possible of all the funding streams and how they have been used. That is very much work in progress.

**Alex Neil:** The Scottish Government is, in a sense, acting like a postbox—it is getting the money out to individuals and businesses. Are you consulted on the criteria to decide, for example, which businesses should get assistance, or will you look at that after the event?

**Caroline Gardner:** We are not being consulted on the criteria for deciding what businesses should get assistance. In normal circumstances, we might be consulted on what checks and balances would be needed to ensure that businesses that receive money fit the bill. This time, however, things are moving too fast for that to be reasonable—but the conversation is flowing properly.

I mentioned a conference call that one of my senior colleagues was on yesterday afternoon—it included local government directors of finance, Scottish Government officials and one member of my senior team. It is fair to say that we are being kept in the loop, but we do not want consulting us to be something that slows the process down.

**Alex Neil:** It is a balancing act. If we do not get the money out to businesses quickly enough, the cost to the public exchequer could eventually be even higher. People could be laid off because money is not available for businesses to keep trading. I presume that we should take that wider perspective on matters.

**Caroline Gardner:** That is exactly right; that is what is behind the pragmatism and flexibility that we are talking about. Audit will not go out the window and it still has a role to play, but this situation is not business as usual. We are all focused on making sure that every pound of public money that is spent has the highest possible impact in mitigating the crisis that we are in.

**Liam Kerr (North East Scotland) (Con):** I have a couple of questions, the first of which arises from what Alex Neil asked about. In your answer to his first question, you talked about pushing out the

deadlines for section 23 reports, in particular, and flexible frameworks for that. Do you have a statutory or legal requirement to do audits and produce section 23 reports? If so, what is to become of that?

**Caroline Gardner:** Most of the audit reporting deadlines are for me—and, in respect of local government, the Accounts Commission—to determine, and we will be flexible with them.

There is one deadline that might become relevant over the next few months. All the accounts and audit reports for the bodies that fall within my remit have to be laid in Parliament by 31 December each year. We aim normally to smooth that out, so Parliament generally sees them coming through from the summer until the end of November. We might come close to that statutory deadline for many bodies, but we might have to miss it for some. This is not a matter for discussion today, but we will talk to colleagues in Government and the parliamentary authorities about what will happen if it looks as though it will not be possible to meet that deadline. It also covers section 22 reports, which must accompany the annual report and accounts for laying in Parliament.

**Liam Kerr:** The section 22 report seems to be how you are able to flag up problems and say that the committee, Parliament and other agencies need to get in and do what they can to sort it out. I presume that section 22 reports might be delayed by virtue of the first audit not happening or Audit Scotland being unable to get in. If issues are not flagged up, however, that will have a practical impact. What contingency planning can you consider, at this stage, to cover that possibility?

**Caroline Gardner:** Liam Kerr is absolutely right that the section 22 report is the statutory vehicle through which I, as Auditor General, have to bring matters to Parliament's attention, via the committee. That sits on the back of the auditor's report on annual report and accounts, so they travel together and must be laid by 31 December. If the annual audit, or the annual report and accounts, is not complete, that cannot happen.

The other statutory route that I have is section 23 reports, which enable me to report on the economy, efficiency and effectiveness with which public resources are being used. They are the reports that you routinely see on things such as the health service and big policies such as early learning and childcare. Depending on how long the current situation continues, that route will be available for me to report on any matters that I choose to bring to Parliament's attention. However, that needs to be proportionate: we need to do that in a way that does not make it harder for public services to do what they need to do.

We are also thinking in general terms about whether other mechanisms might be needed. We would be happy to explore with the committee whether things such as real-time position reporting on what we are seeing in audit work and, more generally, on underlying issues, might be helpful. Again, we all want to ensure that that is proportionate. We are not in normal circumstances, and it is possible that we could do that in ways that would be helpful to the committee in relation to accountability and to learning from good practice and from the problems that people are experiencing.

**Bill Bowman (North East Scotland) (Con):** I have written down a few things. They might be a bit disconnected, but I will just run through them. One of them follows on from what Liam Kerr said. Are you saying that we might not get a section 22 report because of work not being done, but that you could do some sort of red-flag, in-flight version that would at least alert us to issues that are coming up?

**Caroline Gardner:** We are considering that and we would be keen to work with you to see whether it would be useful. None of us wants to get in the way of public bodies doing what they need to do; equally, however, there is a need for oversight, so we need to balance those things.

**Bill Bowman:** You spoke about fraud or other irregularity. I had written down "error and fraud". When people are under pressure, they tend to make mistakes. Has that issue moved up your agenda?

**Caroline Gardner:** Yes. We are in the process of putting together immediate guidance for auditors on what they should be taking into account in doing this work. The first point in the guidance is to talk to their chief financial officer about what they are seeing. They need to revise their audit plans to look at the significant risks; think about what disclosures audited bodies should be making in their accounts as they move towards completing them; and think about the particular risks of fraud and irregularity—including, as you say, error—that may be coming through.

There may be other things such as covenants for some audited bodies. If they do not publish their reports on time, what does that mean for their standing with lenders? That will all be different for different bodies, but auditors need to consider such things.

**Bill Bowman:** Unfortunately, there will be some individuals who see this as an opportunity to perpetrate fraud.

**Caroline Gardner:** Yes.

**Bill Bowman:** You spoke about the teams that are doing the work. You spoke principally about

Audit Scotland, but you have other firms doing work for you. Audit Scotland is more directly under your control—you can see what is happening. Have you had discussions with private firms about how they are approaching this, among all the other things that they are doing?

**Caroline Gardner:** We are starting on that. At the end of last week, when it became clear that this was not something that was going to go away quickly or smoothly, we got in touch with all the firms that we work with to ask about their immediate plans for continuing to work, for moving to remote working and so on.

Many firms had already contacted us to say that they were moving all meetings online and not meeting face to face. We have been keeping in informal contact, with the immediate message being that we will be pragmatic and flexible around all this, and we asked firms to please start engaging with their audited bodies about it. We will get the guidance out quite soon—it will go to all auditors, not just those who are employed by Audit Scotland. On behalf of Audit Scotland and the Accounts Commission, the guidance will set out what initial steps the auditors need to take.

**Bill Bowman:** You mentioned perhaps having a longer accounting period, which is not something that I had thought about before. That could mean that some information would be two and a half years old by the time that it came out.

Some of the financial statements do not just include the income statement and the balance sheet; they are huge documents with lots of other bits added on. Has there been any thought about perhaps reducing that to reporting on the key financial information?

**Caroline Gardner:** The form of financial reporting is a matter for Government in relation to the bodies that are in my remit, and for the standards-setting board in relation to local government. I am sure that they will be thinking about that; it is not a conversation that we have had with them so far.

I mentioned longer accounting periods just as a possibility at this stage, not as something that we are proposing or planning for.

**Bill Bowman:** I was just thinking that rather than having no reporting, we might have some condensed reporting.

I have often asked you about this before, but might we see some modified audit opinions—some qualified opinions?

**Caroline Gardner:** We may do. That may be most likely at this point in terms of limitation of scope. There may be reasons why people do not have in place the full set of accounting records or internal controls that we would normally expect to

see. That would, depending on the materiality of it, lead to limitation of scope.

**Bill Bowman:** If you had a modified opinion, would that naturally give rise to a section 22 report?

**Caroline Gardner:** It would, and the question that we are turning over is how valuable that is to the committee other than as evidence that the bodies concerned are under a great deal of pressure. That is why we are taking a case-by-case approach rather than making any blanket decisions at this stage.

**Bill Bowman:** It would be useful, if that happened, to have the consequences fully explained.

**Caroline Gardner:** Indeed. I should be clear that if accounts are qualified because people have breached technical requirements or because deadlines are missed, auditors will have to report that, but they will report it in context, with as much explanation as they can give about what led to the circumstances and what action is being taken.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** A lot of your work will be in progress at the moment and is likely to face a delay in being completed. Does that in any sense invalidate the good work that you and your team have done to date, or is it easy enough to pick up the work after a period of three months, for instance, when you have not been able to complete your audit work in whatever area you are looking at?

10:30

**Caroline Gardner:** That is a good question, and one that we are right in the middle of considering at the moment. We have a number of reports that are planned to be published between now and the end of the current parliamentary term in June. We think that a couple of them will go ahead, because they have been through clearance and it is just a matter of our staff doing what is needed to desktop publish them and prepare them for publication. Those should go ahead, although with less publicity, but they will still be in the public domain and available to the committee if you want them.

We have other reports that are at the final draft stage but have not gone into clearance. I will look at one of those today. We will talk to the audited body about its availability to respond to the clearance process. Where possible, we would like to publish those reports as planned because, if we do not, we will need to come back and do more work, which will also mean more work for the audited bodies to bring the reports up to date—that is inevitable, unless we in effect write off the reports, which is in nobody's interests. We will

deal with those reports on a case-by-case basis. I think that there are four in that category.

In the longer term, we have just started considering the best thing to do with the work that is in the pipeline and that would normally have been published from September onwards. In some cases, we can probably do a lot of work based on desk analysis and remote working with bodies that may not be as directly affected by the situation as the health service will be, for example. We will do what we can to keep those rolling. In other cases, the right thing to do will be to put the process on hold until the situation becomes clearer, and we will ensure that our staff have other useful things to do. It will be a case-by-case approach. We are just moving into that deeper planning, but I am happy to update the committee as our plans evolve.

**Willie Coffey:** Is there guidance in place on what makes an audit valid? If so, do you apply that guidance, or is it the body that you are auditing that does so? Who says whether what you produce, perhaps if it is three months delayed, is valid?

**Caroline Gardner:** The approach that we will take for the audit of the annual reports and accounts, which is in line with the financial reporting guidance, is that we must stick to the standards, but the timelines may be delayed. For performance audit, it is for me as Auditor General—and for the Accounts Commission, in relation to local government work—to decide whether, on balance, it is worth publishing a report. The tricky bit in that is the clearance process once the work has been completed. None of us wants to bring to the committee work that has been disputed by the audited body or which that body does not feel is fair. We try our best to ensure that the facts are agreed and that our commentary is fair and balanced. We need to reach that position in order for a report to be useful to the committee. That is not based on standards—it is just natural justice.

**Willie Coffey:** Absolutely.

I have a question on a slightly different issue from the ones that we have been discussing so far. We are in an emergency situation. As you know, I am a great admirer of you, Auditor General, and of Audit Scotland and the work that you have done over the years. The analytical skills and abilities in your team could be deployed in other areas as circumstances arise. I am thinking about businesses or other organisations that are struggling with capacity issues and planning. If organisations need help, can you and your team adapt in order to apply that analytical view that you have consistently displayed to the committee year in and year out? That could be done remotely. Have you been approached to even think about

participating in the planning processes that are surely under way in order to help us through this particularly difficult period?

**Caroline Gardner:** I talked to the convener about the hierarchy of work that we have developed for our staff, and that question of civil volunteering in the broader sense is there, although it is early days on that. If we reached the stage at which our teams cannot do useful work in our core remit, we should think about where we can best help out, depending on people's circumstances and the extent to which we can keep them safe.

However, we must be mindful of the ethical standards and independence. You are right that we are in an emergency situation, but I cannot end up in a position in which my staff are compromised when they go back to do audit work because they have been working in certain functions in the bodies that we audit. However, that is not to say that some members of staff cannot do certain things with some of the bodies that we audit or more widely. That could be using our core skills of analysing, stepping back and identifying the big picture, or it could be much more practical things about helping in care homes and community settings. We are not at that stage yet, but we have it on our planning radar.

**Willie Coffey:** Many thanks for that.

**The Acting Convener:** Before I turn to John Mason, I would like to follow up on Willie Coffey's excellent line of questioning on knowledge and expertise. As Willie Coffey said, we are in unprecedented times, and how we pull together—pull our resources, our brain capacity and our physical capacity together—is now really important. Willie Coffey's final point is one that the committee will probably want to reflect on with the Government and public bodies. If you can do that, it would be fantastic.

Please forgive me for what I am about to say—you might not thank me for it—but, obviously, your term as Auditor General is due to end in June, and it would give me reassurance if you were sitting in the offices of the Government, helping to manage this by giving some of that clarity of thought about processes, governance and auditing. I can think of no better person to do that. Is that something that you would consider?

**Caroline Gardner:** It is very nice of you to say so, convener. Like all of us, I am keen to do what I can to help get us through this period as well as we can—whatever that means. Formally, there are restrictions on what I and any Auditor General can do for two years after stepping down. Because of the ethical standards and independence, I cannot work for any of the bodies that I audit for two years.

We are in unusual circumstances and we need to continue thinking and talking about that, while looking at what makes most sense and what safeguards will need to be in place to avoid compromising me or, more importantly, the Government and other public bodies. However, at this stage, I am certainly not ruling out anything that would be helpful.

**The Acting Convener:** It sounds very "Justice League" and "Avengers"—I apologise for that question. Is the two-year period a contractual issue? Is it a regulatory or statutory issue?

**Caroline Gardner:** There are ethical standards, but they would be less of an issue because I am not planning to continue as an auditor after June. There is also a contractual issue: the Presiding Officer needs to authorise anything that I do for two years after stepping down from this role.

**The Acting Convener:** Thank you.

**John Mason (Glasgow Shettleston) (SNP):** I am fairly new to the committee as a substitute, so I do not know all the technical issues that you are dealing with.

It struck me that most of the questioning so far has been on how the coronavirus and so on will affect your normal work. Alex Neil touched on how the extra finances would be looked at. Will there be a role for the Auditor General or someone else to look at how this whole process has been dealt with and ask major questions such as whether things have been done too quickly or slowly?

I am thinking particularly about the emergency law that is expected to be introduced at both Westminster and Holyrood. That is probably necessary, but it makes me wonder whether that means that some of the checks and balances will be put aside. Is that process something that the Auditor General can and should look at, at some point in the future?

**Caroline Gardner:** It absolutely is. For me, it is probably a matter of timing. We want to get the balance right between making sure that the money that is being spent now is being spent quickly and making sure that it is spent as well as it can be. That will be about short-term consultations: being consulted on the checks and balances that are being put in place to make sure that the money is getting out as quickly and effectively as it can be to the right people.

I am sure that my successor as Auditor General will want to consider whether there is a wider piece of work on lessons learned or a programme of work to look at how this period has been managed, when we are through it. That will depend on what happens over the next six months, I guess. It is entirely proper for the Auditor General to look at that and I am sure that the

approach will be to look at where we can add value, rather than making it harder for people to do what they need to do.

**The Acting Convener:** Members have no other questions, so I thank you for your time this morning. Thank you again for your flexibility in response to our changing business and for your openness and candidness. We look forward to carrying on these conversations in public sessions and in private.

I wish you, your family and all your team all the very best. I am sure that we will come through this time of challenge even stronger as a nation.

**Caroline Gardner:** Thank you.

**The Acting Convener:** I close the public part of the meeting.

10:39

*Meeting continued in private until 11:16.*



This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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