

## AUDIT SCOTLAND FUNDING

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### Background

Audit Scotland is a statutory body that was set up under the Public Finance and Accountability (Scotland) Act 2000 to provide audit and other services to the Auditor General and to the Accounts Commission.

The Auditor General and the Accounts Commission are separate from Audit Scotland, but, as they have no powers to engage staff or raise revenues directly utilise Audit Scotland for the provision of services.

### Funding

Audit Scotland receives around £25M per year to provide services for the Auditor General for Scotland and the Accounts Commission. The two main sources of our funding are —

- fees and charges raised from audited bodies £16.4M
- direct funding from the Scottish Parliament £8M

### Audit Scotland's Income and Expenditure

Fig.1 below shows our current income and expenditure:

	£M	£M
<b>Income</b> (mostly Fees & Charges)	17	
Funding from the Scottish Parliament	8	
		<b>25</b>
<b>Expenditure</b>		
Staff & related costs	13	
Approved Auditors	6	
Property, office & other expenditure	6	
		<b>25</b>
<b>NET</b>		<b>-</b>

### Fees and Charges

Audit Scotland charges for the audits it carries out on those Scottish public sector bodies it has a statutory duty to audit. This comprises:

- all Local Authorities - £10M
- all National Health Services bodies (NHS) - £4M
- Scottish Water - £0.2M
- all FE Colleges - £0.6M
- various Central Government chargeable audits - £1.6M

Audited bodies are billed in two elements:

- fees, for the audit services carried out, and
- central charges, which contribute towards Audit Scotland's expenditure.

Of the £17M or so earned from the above, around £11M is earned by Audit Scotland's own qualified staff directly, and around £6M is earned by work carried out by nine firms of approved auditors.

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Audit Scotland currently audits over two hundred bodies. Fig. 2 below tables the value of our largest audits for the audit year 2004-05 in the main sectors described above:

**Fig. 2**

£(000)'s	Audit Fees	Central Charges	TOTAL
<i>Scottish Executive (non-chargeable)</i>	864	138	<b>1002</b>
Glasgow City Council	428	314	<b>742</b>
Edinburgh City Council	393	262	<b>655</b>
Fife Council	396	227	<b>623</b>
North Lanarkshire Council	327	202	<b>529</b>
South Lanarkshire Council	301	194	<b>495</b>
Greater Glasgow Health Board	435	123	<b>558</b>
Lothian Health Board	343	100	<b>443</b>
	<b>3,487</b>	<b>1,560</b>	<b>5,047</b>

### Scottish Parliamentary Funding - £8M

Audit Scotland receives funding directly from the Scottish Parliament. The Parliamentary funding pays for:

- various Central Government audits that are not billed
- Performance Audit investigations and reports

The Scottish Commission for Public Audit is a Parliamentary committee set up by statute to approve Audit Scotland's budget and review its expenditure, and appoint its external auditors.

Audit Scotland's funding is "top sliced" which means it has first call on Scottish block funding received from the UK Treasury. This assists Audit Scotland in maintaining independence from the Scottish Parliament, which it is responsible for auditing.