CLACKMANNANSHIRE COUNCIL

Report to Audit Committee

Date of Meeting: 3 December 2020

Subject: National and Local Scrutiny Planning

Report by: Strategic Director, Partnership & Performance

1.0   Purpose

1.1.   At this point in the year Audit Committee would normally consider the National Scrutiny Plan. Covid-19 however has changed all our lives; responding to it has changed the way public services are delivered and how they are scrutinised. Given this, the Strategic Scrutiny Group published a report in November 2020 outlining its scrutiny approach in context of the Covid-19 pandemic.

1.2.   Additionally, in August 2020, Audit Scotland published a reported entitled: *Covid19 – A guide for audit and risk committees.*

1.3.   The purpose of this report is to make the Audit Committee aware of both reports, and to seek agreement to review its forward plan in consideration of these, and in light of the ongoing Covid-19 pandemic.

2.0   Recommendations

2.1.   It is recommended that the Audit Committee:

2.1.1. notes the Strategic Scrutiny Group's scrutiny responses to Covid-19;

2.1.2. notes Audit Scotland's report, *Covid19 – A guide for audit and risk committees*; and

2.1.3. agrees that the Audit Committee forward plan be reviewed for consideration at its next meeting in light of 2.1.1 and 2.1.2 and the ongoing Covid 19 pandemic.

3.0   Considerations

3.1.   The National Scrutiny Plan is issued on behalf of the Strategic Scrutiny Group for local government (SSG). The SSG comprises Scotland's main public sector scrutiny bodies – the Accounts Commission, Audit Scotland, Education Scotland, the Care Inspectorate, Healthcare Improvement Scotland, the

Scottish Housing Regulator, Her Majesty's Inspectorate of Constabulary in Scotland, Her Majesty's Fire Service Inspectorate, Her Majesty's Inspectorate of Prisons and the Inspectorate of Prosecution in Scotland.

3.2. The SSG supports the delivery of better coordinated, more proportionate and risk-based local government scrutiny. It is convened and chaired by the Accounts Commission. These scrutiny bodies work together through Local Area Networks (LANs) in each council area to share intelligence and relate this to their work.

3.3. The report at Appendix 1 summarises the SSG's adapted approach to national scrutiny planning given the substantially changed context brought about by Covid-19.

3.4. In March 2020, SSG member organisations suspended planned audit, inspection and regulation plans in favour of monitoring and supporting those in the relevant sectors. This involved prioritising activity around areas of highest risk, such as care homes, and supporting frontline services by sharing good practice. For example, Education Scotland shared examples of effective approaches to supporting learning at home in the wake of school closures. The majority of on-site inspection work was replaced by more extensive use of intelligence and technology for support and performance monitoring.

3.5. Looking ahead to 2020/21, the SSG will seek to collaborate and coordinate its scrutiny activity and support around key common themes that either present risks or can support improvement to the delivery of services and our communities. Some of these issues have been exacerbated by the Covid-19 pandemic but others are increasing in risk as a result of wider demographic and environmental changes. These include:

- addressing inequalities

- recovery from Covid-19

- the provision of and access to digital services

- human rights and balancing protection/safety

- climate change

- mental health

- community and organisational resilience.

3.6. In August 2020, Audit Scotland published: *Covid19 – A guide for audit and risk committees*. The report (see Appendix 2) recognises the significant impact the pandemic has had on every aspect of life in Scotland. It also recognises that the public sector response to the pandemic has been strong, but also that a difficult road lies ahead for the public sector beyond response and recovery.

3.7. The report outlines key areas that audit and risk committees will need to focus on include:

- internal controls and assurance

- financial management and reporting

- governance

- risk management

3.8. Further information on each is provided within exhibits 1-4. At this stage, there is merit in the Audit Committee reviewing its forward plan through to April 2022 to ensure that these areas will have sufficient scrutiny focus in light of the ongoing Covid 19 pandemic. It is suggested therefore that officers review the current plan in that context for consideration at the next Audit Committee.

3.9. There are no direct financial implications associated with this report.

4.0 Sustainability Implications

4.1. There are no direct sustainability implications associated with this report.

5.0 Resource Implications

5.1. Financial Details

5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.   Yes ☑

5.3. Finance have been consulted and have agreed the financial implications as set out in the report.   Yes ☑

5.4. Staffing

6.0 Exempt Reports

6.1. Is this report exempt?   Yes ☐ (please detail the reasons for exemption below) No ☑

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1)   **Our Priorities** (Please double click on the check box ☑)

Clackmannanshire will be attractive to businesses & people and
ensure fair opportunities for all   ☐
Our families; children and young people will have the best possible
start in life   ☐
Women and girls will be confident and aspirational, and achieve

their full potential   ☐

Our communities will be resilient and empowered so
that they can thrive and flourish   ☐

(2)   **Council Policies**   (Please detail)

None

8.0   Equalities Impact

8.1   Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☐   No ☑   Not applicable in this instance.

9.0   Legality

9.1   It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers.   Yes ☑

10.0   Appendices

10.1   Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 – *Strategic Scrutiny Group: scrutiny responses to Covid 19*

Appendix 2 - *Covid19 – A guide for audit and risk committees*

11.0   Background Papers

11.1   Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below)   No ☑

Author(s)

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Approved by

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Covid-19

Strategic Scrutiny Group

Scrutiny responses to Covid-19

ACCOUNTS COMMISSION

AUDIT SCOTLAND

HMICS improving policing across Scotland

Healthcare Improvement Scotland

Inspectorate of Prosecution in Scotland

care inspectorate

Education Scotland Foghlam Alba

Scottish Housing Regulator

HMIPS HM INSPECTORATE OF PRISONS FOR SCOTLAND

HMFSI

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Scrutiny responses to Covid-19

Introduction

1. Covid-19 has changed our lives. Responding to it has changed how public services are delivered and how we scrutinise them. This paper sets out:

- the key areas of risk facing the sectors we scrutinise

- how we have adapted our approaches to scrutiny in response to Covid-19

- how we plan to capitalise on the advances made in our working practices

- how we can build on the increased joint-working that has taken place by collaborating more extensively and effectively in future.

2. I am grateful to all members of the **Strategic Scrutiny Group (SSG)** ⓘ for contributing to our consideration of what Covid-19 means for the sustainability of the public services we scrutinise and to inform a discussion about the role of scrutiny in the future.

3. Responding to Covid-19 has placed immense demands on the people who work in Scotland's public services. That response has been impressive. They have adapted and changed very quickly, in some cases, overnight. Organisations have coordinated and empowered their staff to support communities. Changes and developments, previously considered almost impossible, have been made in a matter of weeks.

4. Covid-19 has led to changes in SSG members' planned programmes of scrutiny. This has required new ways of thinking and working. In some cases, it led to scrutiny bodies working with new powers created specifically in response to Covid-19. All SSG members have given the organisations they audit, inspect or regulate time and space to respond to the crisis. Where appropriate, they are collaborating with them to provide support and reassurance. However, high-quality, independent, evidence-based scrutiny remains critical. Striking the right balance between supporting public bodies and ensuring effective scrutiny will be important in the long-term recovery and renewal of public services.

Covid-19 has accelerated change in public services and magnified risks

5. Covid-19 has been a catalyst for rapid change in many public services. We have seen a significant shift to more digitally-delivered services, such as online GP consultations, e-care, school, college and university education and virtual courts. This shift brings real benefits to service users and providers, and

Strategic Scrutiny Group

Scrutiny coordination in local government is led by the Strategic Scrutiny Group (SSG). The SSG comprises Scotland's main public sector scrutiny bodies and aims to deliver efficient and effective, well-coordinated scrutiny that supports improvement. It is convened and chaired by the Accounts Commission.

Public services scrutinised include education, health, social care, housing, fire and justice.

SSG members' individual contributions can be found on the Audit Scotland website ⬐.

we expect many of these changes will become permanent. But the rapid pace of change and shifts in ways of working have also increased risks to the delivery of public services and exclusion of certain people.

6. As scrutiny bodies, we see several key issues across the public services we scrutinise including:

- public finances under acute pressure, amplifying serious questions about the financial sustainability of some sectors, including social care

- backlogs where public services have been disrupted, for example the NHS, courts and maintenance of social housing

- the disproportionate impact of Covid-19 on some groups, for example, the black, Asian and minority ethnic community and more deprived communities have experienced more acute effects in areas such as health and education. Digitally-delivered services have exacerbated, in some cases, inequalities of access to digital technology and connectivity with regard to geography and deprivation

- concerns around staff burnout in delivering critical services, with some services reporting critical shortages, often associated with the need for staff to self-isolate

- adjustments to governance systems to enable rapid decision-making. Although this has led to more empowerment of local staff and communities, it may also have reduced scrutiny and oversight by non-executives and councillors.

7. We are already seeing these risks, and others, escalating as we enter the second wave of Covid-19.

We have responded to Covid-19 by changing how we work and what we do

8. Most colleagues in SSG member organisations moved to working at home from March 2020. The majority of our scrutiny since then has been done remotely. Where staff were on secondment, they have generally been released back to their home organisation to support the delivery of frontline services.

9. In March 2020, SSG member organisations suspended planned audit, inspection and regulation plans in favour of monitoring and supporting those in the relevant sectors. This involved prioritising activity around areas of highest risk, such as care homes, and supporting frontline services by sharing good practice. For example, Education Scotland shared examples of effective approaches to supporting learning at home in the wake of school closures. The majority of on-site inspection work was replaced by more extensive use of intelligence and technology for support and performance monitoring. We have individually adapted our systems for gathering information, assessing risks and providing public assurance around service quality. We have utilised technology where possible, conducting 'virtual visits' to services and digitally signing off accounts. We are continuing to work on developing ways of accessing key information, such as case records, remotely.

10. Some SSG members, such as the Care Inspectorate, HMICS, HMIPS, HMFSI and HIS, have restarted work programmes that include on-site activity. Where this is the case, they have adjusted and redesigned how they do their inspection activity. This will be subject to continuous review to take account of the changing understanding of the risks posed by the virus.

We will capitalise on advances we have made due to Covid-19

11. We have learned a lot as a result of Covid-19. Our colleagues can be flexible and operate incredibly well in a rapidly changing environment. We have learned to work remotely and our colleagues have embraced new ways of working. Remote working has inevitably brought challenges for some people and for some elements of our work. It has also brought efficiencies that we will adopt into our standard working practices for the future.

12. We have broadened and enhanced the way we gather intelligence about services to accurately assess service quality and any improvements required. We are working to improve further how we share the information that we gather about the sectors we scrutinise, and how this can help inform policy and decision-making. We are also using our data and intelligence to help develop risk-based plans for our scrutiny programmes, which will take account of the impact of the second wave of Covid-19.

13. In addition to sharing information, we have been sharing examples of effective practice across Scotland. In education, Education Scotland staff engaged with early learning and childcare providers and school and council staff across Scotland to share effective practices around assessment, adapting the curriculum and providing motivating learning activities for children and young people to support learning at home.

14. We will capitalise on the advances we have made in response to Covid-19, including our learning experiences in sharing information and good practice and using digital technology. This will underpin our scrutiny activity in future and ultimately help shape service design and delivery.

We will build on the increased joint-working resulting from Covid-19 by collaborating further in future

15. Covid-19 has led us to work together more regularly. This is particularly evident between scrutiny bodies in the justice and health sectors. For example, the heads of justice inspectorates (HMICS, HMIPS, IPS, HMFSI and PIRC) have been meeting as frequently as every two weeks during the pandemic, leading to effective and timely sharing of information about the justice sector. HIS has been carrying out care home inspections in collaboration with the Care Inspectorate, providing expertise in the inspection of infection control. There is a commitment among SSG members to learn from each other's experiences to inform their own organisation's work.

16. Covid-19 has also led to many SSG members increasing engagement with our counterparts elsewhere in the UK. This is most apparent in policing, education and public sector audit. For example, Audit Scotland has developed a shared commitment with other UK audit agencies to coordinate, collaborate

and share learning in the collective audit response to Covid-19, including looking at potential areas to collaborate on audit work in relation to personal protective equipment (PPE) procurement and distribution.

17. The immediate impact of Covid-19 on our work provides us with an opportunity to examine our scrutiny approaches for the future. We need to strike the right balance between scrutiny and support to improve public services. Clearly, we need to focus on where the risks to the delivery of public services and the wellbeing of the public are greatest. External scrutiny also has an important role in encouraging public services to work together collaboratively in the pursuit of better outcomes for communities.

18. The effects of Covid-19 have reinforced some views that, as scrutiny bodies, we look at some issues too disparately. Public service reform places more emphasis on looking at public services from a citizen perspective, adopting, for example, victim-centred and patient-centred approaches. We can collectively examine this in a much more coordinated and overarching way in future.

19. We will strive, where possible, to collaborate and coordinate our scrutiny activity and support around key common themes that either present risks or can support improvement to the delivery of services and our communities. Some of these issues have been exacerbated by the Covid-19 pandemic but others are increasing in risk as a result of wider demographic and environmental changes. These issues include:

- addressing inequalities

- recovery from Covid-19

- the provision of and access to digital services

- human rights and balancing protection/safety

- climate change

- mental health

- community and organisational resilience.

Conclusion

20. Covid-19 has changed society and the economy in profound ways. It has required public services to change radically how they work at pace and under extreme pressure. Recovering from the effects of Covid-19 will take a long time. The regulation, inspection and audit of public services will play a key role in learning lessons from the past few months and supporting improvement, so that the renewal of public services in Scotland is as strong and inclusive as possible.

Elma Murray, Interim Chair
November 2020

Strategic Scrutiny Group

Scrutiny responses to Covid-19

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AUDIT SCOTLAND

Guide for audit and risk committees

AUDIT SCOTLAND

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- **Audit Scotland** is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.

- The **Auditor General** is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.

- The **Accounts Commission** is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
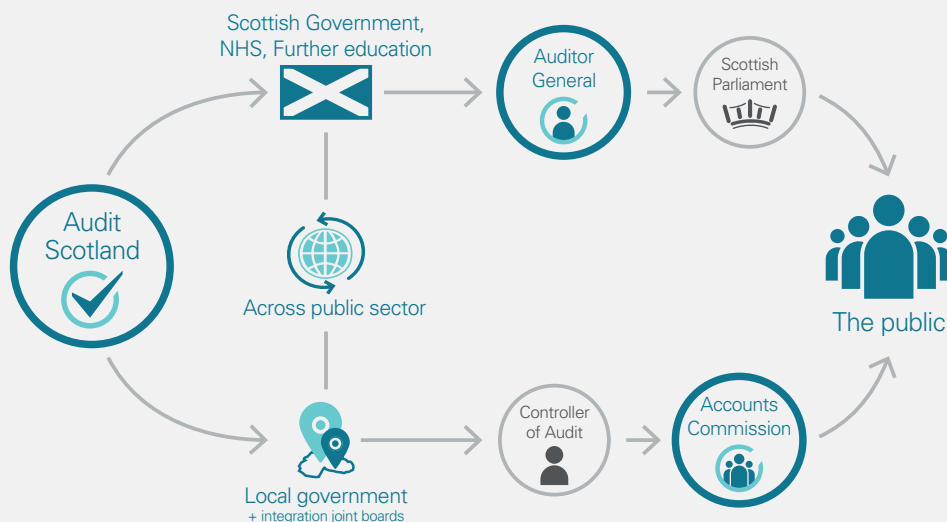
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Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money

- reporting our findings and conclusions in public

- identifying risks, making clear and relevant recommendations.

Contents

Introduction

1. Covid-19 has already had a significant impact on every aspect of society in Scotland. It has affected individuals and communities, public services and the economy.

2. The response of public-sector bodies has been strong, and the pandemic has highlighted some of their key strengths, such as agility and partnership working. But Covid-19 has also exacerbated many pre-existing risks and challenges facing public bodies in areas such as financial sustainability and service demand pressures. A difficult road lies ahead as public bodies move from response to recovery and renewal.

3. Audit and risk committees have a crucial role to play in providing effective scrutiny and challenge. They help public bodies focus on important aspects of the business and maintain effective oversight of spending, performance and governance arrangements. As public bodies manage their business during this global pandemic, the role of audit and risk committees becomes even more important.

4. This guide for audit and risk committees draws on our recent experience of auditing public bodies during the pandemic. It also refers to key sources of guidance such as the Scottish Government's Scottish Public Finance Manual and On Board: a guide for members of statutory boards and the Chartered Institute of Public Finance and Accountancy's *Audit Committees: Practical Guidance for Local Authorities and Police*.

Key issues for consideration by audit and risk committees during the Covid-19 pandemic

5. There are a wide range of short, medium and long-term risks and issues emerging from Covid-19 for public bodies to consider. This guide focuses on the short-term challenges facing public bodies in the response phase of the pandemic. During this phase, key areas that audit and risk committees will need to focus on include:

- internal controls and assurance
- financial management and reporting
- governance
- risk management.

6. This guide provides audit and risk committee members with suggested questions to help them effectively scrutinise and challenge in these key areas. Answering the questions in this guide will help audit and risk committees better understand how their organisation is responding to the pandemic and managing both the immediate and longer-term challenges that it creates.

7. Audit and risk committees must assure themselves that they are engaged and well-informed about the changes that are occurring and affecting their organisation due to Covid-19. For example, they should be informed of changes to internal reporting arrangements, and policy and legislative changes and the impact they are likely to have on the organisation. They should also be apprised of any fraud and error risks arising from the response to Covid-19.[1]

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[1] *Covid-19: Emerging fraud risks*, Audit Scotland, July 2020

Internal controls and assurance

8. Public-sector staff are working under extreme pressure as a consequence of the scale and pace of change created by the pandemic and the need to respond rapidly to unfolding events. This may mean that some internal controls are suspended or relaxed. For example, the segregation of duties between colleagues for completing tasks and subsequent checks may not be possible due to unforeseen capacity issues or the lack of availability of more senior or experienced staff. Staff transfer between departments, for example, to new areas such as those responsible for distributing funding to support people and businesses most affected by Covid-19, may also leave some areas under-staffed. Furthermore, inexperienced staff may be working remotely without a full understanding of the required procedures and controls.

9. Internal audit provides independent assurance on governance arrangements, risk management and internal control processes. As the landscape changes, internal audit will have to consider its approach to audit planning and how it continues to deliver its assurance activities while balancing the workload created by new risks emerging from Covid-19.

10. As staff work remotely, there may also be potential security risks such as an increase in cyber-crime. For example, fraudsters may try to access public-sector systems by claiming to be legitimate technical support services or through phishing emails and scams.

11. Exhibit 1 proposes potential questions for audit and risk committee members to consider.

Exhibit 1
Internal controls and assurance – questions to consider

What changes to internal controls have been required due to Covid-19?
- Has internal audit assessed the design, implementation and operational effectiveness of revised internal controls?

What new controls have been established to account for the distribution of any additional funds received?
- Have officers identified any weaknesses in new controls and if so, how are these being addressed?

To what extent has your organisation assessed the impact of working remotely on the control environment and working practices?

Has internal audit reviewed their audit plan and assessed which projects might need to be cancelled, postponed or accelerated as your organisation navigates its way through the pandemic?

How is management supporting internal audit to balance its 'routine' programme of work and that required to respond to Covid-19-related audit work?

What impact has Covid-19 had on the annual reporting and accounting process?
- Has your organisation's timetable for the annual reporting process been considered for 2019/20 and 2020/21? If so, have the timetables been revised and updated accordingly?
- Has the external auditor's annual audit plan been updated to assess and address new risks?

To what extent has your organisation considered work undertaken by other organisations (via professional networks and bodies), or where appropriate, engaged with external experts to inform decision-making around significant areas of change in response to the pandemic?

How have IT services performed during the pandemic?
- To what extent have cyber security controls been considered?

To what extent has management assessed the impact of Covid-19 on overall staff capacity?
- What areas have been identified as being under resourced and how is this being addressed?

What is your organisation doing to support its staff during the pandemic?
- To what extent have workload and working practices been adjusted to allow for the challenges that people may face when working remotely?
- What guidance, advice or signposting has your organisation put in place to support staff wellbeing?

What opportunities and risks have arisen as staff are deployed across departments?

How is your organisation capturing the learning and opportunities that arise from new ways of working?

Financial management and reporting

12. Public bodies face considerable uncertainty during the pandemic and as they plan for the future. Having robust financial management and transparent reporting arrangements in place is critical to ensuring that an organisation can manage its finances and deliver services effectively, identify issues and challenges early and act on them promptly.

13. Financial impacts of the pandemic could include a reduction in income generated from business rates and council tax non-payments as well as a reduction in fees and charges from, for example, leisure, public transport and parking. Organisations may also face increased costs such as higher staff costs to cover the delivery of services. The economic uncertainty and market volatility caused by the pandemic also make it difficult for public bodies to value, for example, property portfolios, inventories and pension schemes.

14. A number of factors will affect how well an organisation can report on and manage its financial position at a time where it is facing significant pressure and challenge. For example, there is likely to be competing pressures on finance staff, significant changes in financial processes and procedures and the introduction of financial systems in new areas, such as those for Covid-19-related government relief, assistance and stimulus packages. Exhibit 2 proposes potential questions for audit and risk committee members to consider.

Exhibit 2
Financial management and reporting – questions to consider

Is financial (and performance) information received in a timely manner, with sufficient detail, to inform the fast-paced changes that are required due to Covid-19?

How is management assessing the financial impact of Covid-19 on income and expenditure?
- What processes or procedures have been put in place to assess, for example, new demands, new expenditure streams, savings from activity foregone and lost income?

What information has been used in determining the value of assets and liabilities?
- To what extent have estimated valuations been impacted by Covid-19, for example, disruption to the revaluation of properties or market volatility impacting on investments?
- What is the likely impact of Covid-19 on pension deficits and what does this mean for your organisation?

What commitments and guarantees have been made to third parties, and how are these being monitored?
- Where relevant, how is your organisation ensuring that the impacts of the pandemic on its arm's-length external organisations (ALEOs) are being appropriately monitored?

What impact has Covid-19 had on savings plans?

- Is your organisation on track to deliver these savings and if not, what plans are your organisation putting in place to help with this?

What impact has Covid-19 had on transformational activity?

- If there has been or will be significant delays to activity or a failure to meet savings targets, what are the financial implications and how is management preparing for this?

Is there sufficient capacity within the finance team to deal with competing pressures, such as preparing annual accounts, at a time when working practices are having to be adapted due to Covid-19?

Governance

15. The pace and scale of change is unprecedented, and changes in governance arrangements are likely to have taken place. This may mean that there has been less opportunity for scrutiny and due diligence as public bodies respond rapidly to the challenges arising from Covid-19. For example, urgent procurement decisions and changes to delegated authority arrangements may have impacted on the level of scrutiny.

16. Governance and accountability arrangements around collaborative working may be increasingly complex but when done effectively, allows for better planning, design and coordination of services. Many aspects of public bodies' responses to the pandemic can only be done in partnership with others.

17. Recent changes to governance arrangements due to Covid-19 may include basic alterations such as documenting authorisation processes through to oversight of the overall running of the business. Exhibit 3 proposes potential questions for audit and risk committee members to consider.

Exhibit 3
Governance – questions to consider

What impact has Covid-19 had on governance arrangements?

- How is your organisation ensuring that effective oversight and scrutiny of key decisions is maintained as it responds rapidly to the challenges it faces during the pandemic?
- Have any significant changes been made to governance arrangements due to the pandemic, for example, suspension of committees or increased use of delegated decision-making powers?
- Where decisions are being made using delegated or emergency powers, how are these being recorded, made public and subjected to scrutiny by the relevant committee(s)?
- Have changes to processes and procedures made in response to Covid-19 been reviewed and documented appropriately to comply with overall governance arrangements?

Are governance arrangements being reviewed regularly to ensure they remain fit for purpose?

Are non-executive directors providing appropriate levels of support, scrutiny and challenge to your organisation as it responds to the current environment and new risks?

What barriers, if any, have affected your organisation's ability to continue to provide services for individuals and communities during the pandemic?

- How have these barriers been overcome?
- What was the impact on service users?

What impact has Covid-19 had on your organisation achieving its stated objectives?

- Does performance reporting highlight any changes on your organisation's ability to meet its objectives as a consequence of Covid-19?

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- Has the pandemic caused new risks to achieving your organisation's objectives? If so, how are these being addressed?

What impact has Covid-19 had on collaborative working?

Risk management

18. While public bodies will have risk management processes in place, the likelihood and impact of existing risks and the emergence of new risks will need to be monitored carefully. There may also be a change in the risk appetite during the pandemic to allow for services to operate effectively and respond to issues in a timely manner. Some changes may be significant therefore officers and audit and risk committee members need to consider how sustainable these changes will be in the longer term.

19. Public bodies were already facing risks and challenges around, for example, financial sustainability, outcomes and inequalities. These risks and challenges have become greater due to Covid-19. They are also heightened further because of the uncertainty around the UK's exit from the European Union and increasing budget pressures.

20. Exhibit 4 proposes potential questions for audit and risk committee members to consider.

Exhibit 4
Risk management – questions to consider

Are there new expenditure or procurement streams, or delivery methods arising from Covid-19 that introduce new risk?
- What indicators does management have to support informed decisions on risk and is this data available in real time?
- Is your organisation's risk management strategy up-to-date to include risks associated with Covid-19?
- What risks have emerged that need to be addressed and what protocols are in place to report and analyse emerging risks as the situation evolves?
- Are risks being reported to the relevant committee?

Has your organisation's risk register been updated to reflect new risks arising from Covid-19?

Is there a need for management's risk appetite framework to be reviewed to ensure it is appropriate in this rapidly evolving environment?
- If so, when will the committee be informed of the outcome and any next steps?

How does Covid-19 impact on any financial risks already facing your organisation and how does this affect short, medium and long-term financial plans?

What impact does Covid-19 have on any scenario planning that your organisation has in place for events such as EU withdrawal and increasing budget uncertainty?

Looking ahead

21. This is the second in a series of Covid-19 guides prepared for public bodies and auditors. Our first publication, Covid-19 Emerging fraud risks, sets out a range of fraud risks that may arise due to the pandemic. By drawing on our position as external auditors across the public sector in Scotland, we have used our recent experience to develop these Covid-19 outputs. We will be issuing further guidance to public bodies to support them as they move beyond the response phase of the pandemic into recovery and renewal.

22. We invite feedback on how the role of external audit can further support public bodies as they respond to the challenges Covid-19 presents.

Further reading

- *Guide for Audit and Risk Committees on Financial Reporting and Management during COVID-19*, National Audit Office, June 2020.

- Financial scrutiny practice guide, The Chartered Institute of Public Finance and Accountancy, June 2020.

- https://www.ifac.org/knowledge-gateway/contributing-global-economy/discussion/implications-audit-committees-arising-covid-19

- https://www.iia.org.uk/covid-19-hub/covid-19-guidance/

Covid-19

Guide for audit and risk committees

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