

ARC Paper – Transparency (Publication of Audit Reports)

1 Purpose of the paper

- 1.1 The purpose of this paper is to ask the Audit & Risk Committee (ARC) to consider whether FSS should publish reports of audits and any resulting action plans carried out under Article 6 the Official Control Regulations to demonstrate openness and transparency.
- 1.2 The Committee is asked to:
- Discuss the information provided,
 - Recommend to the Board that Official Control Regulation audit reports and action plans be published within the FSS Model Publication Scheme¹.

2 Background

Context

- 2.1 This discussion is timely following the retaining of Regulation (EU 2017/625) following EU Exit and the transfer in-house of Official Control Regulation audits previously conducted by FSA on behalf of FSS.

Legal Basis for Audit

- 2.2 Article 6 of retained Regulation (EU) 2017/625 as amended on official controls and other official activities performed to ensure the application of food and feed law (Official Control Regulation) says the following:
1. *To ensure their compliance with this Regulation, the competent authorities shall carry out internal audits or have audits carried out on themselves and shall take appropriate measures in the light of the results of those audits.*
 2. *The audits referred to in paragraph 1 shall be subject to independent scrutiny and carried out in a **transparent** manner.*

¹ [Model Publication Scheme](#)

- 2.3 Guidance is in place on the '*implementation of the provisions for the conduct of audits under Article 6 of Regulation (EU) 2017/625*² which we take cognisance of. It is this guidance that Sante F will refer to when we are audited by them (now as a third country). The UK (as part of the EU National Auditors Network) was involved in developing this guidance which at present provides the most appropriate guidance on this specific audit requirement.
- 2.4 It is important to note that these audits are **not** internal management audits which are covered by Public Sector Internal Audit Standards (PSIAS).

3 Transparency

- 3.1 In order to demonstrate the audit process is transparent, documented procedures should include a clearly defined audit planning process, which includes the establishment of audit objectives, criteria, selection of the audit approach and audit report approval and distribution mechanisms *which may include publication on the FSS website*. Examples of Transparency are detailed at Annex 1.

4 Discussion Points

Openness and Transparency

- 4.1 FSS is committed to openness and transparency, therefore publishing these reports fulfils that requirement. These reports are also subject to any request under Freedom of Information legislation and it is highly unlikely that FOI exemptions would apply.
- 4.2 Currently, the outcomes of audits are reported to the FSS Board in open session by the Chair of the ARC and are recorded annually in the ARC annual report to the Board and referred to in the ARC annual Statement of Assurance to the Board.

² <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C:2021:066:FULL&from=EN> (Page 22)

Consistency of Approach

- 4.3 We have always routinely published reports of all audits of Local Authority Official Control delivery including any action plans to address recommendations raised. Publishing reports of FSS audits would ensure we are consistent and that the level of public scrutiny for our own audits is the same as for the Local Authorities we audit.
- 4.4 Published audit reports do not include reference to individual officers or food businesses, and they do not provide a means of identifying individuals who contributed to the audit. This practice is accepted by Local Authorities and has never been queried or caused concern.

Continuous Improvement

- 4.5 The most important outcome from any audit should be that the auditee embraces the principle that improvement can always happen – in other words they are not always “doing things right”. The other challenge is that, in accepting this, they also embrace a “no blame” response and foster a culture of trust and respect in encouraging individuals to willingly take on the responsibility for improvement and change.
- 4.6 If we cannot demonstrate this culture within the organisation, publishing audit reports may result in more defensiveness, blame, and disengagement both of managers and the managed and the principle and values of continuous improvement not evident. Therefore, to ensure that staff are fully engaged in the audit process and participate fully, they must view this process as a means of continuous improvement rather than a negative experience.

Adverse Publicity and Risk of Criticism

- 4.7 There is the possibility that external stakeholders will take advantage of what appears to be a negative audit report and potentially use that to challenge FSS. Particular pressure may come in terms of charging with the industry arguing they should not pay for an “inadequate service”. There are a number of points to make against this argument: (i) in undertaking the audits

consumer protection has not been compromised (and if an auditor did see something then action would be taken); (ii) the legislative requirements are significant and complex and it is therefore important to assess continually our performance; (iii) we're leading by example in accepting scrutiny of our performance; (iv) charging for services is not contingent, nor in anyway related to audit outcomes. However as per the points above on continuous improvement, FSS should view publication of audit reports positively as a means of continuous improvement. Indeed, publishing these reports may in fact increase industry trust in FSS as it will provide relevant facts about performance therefore giving industry a better understanding of where change in approach may be required. In responding to any adverse reactions we will highlight our willingness to be transparent and that effective consumer protection comes from a willingness to assess our performance on an ongoing basis so we can improve where we need to.

- 4.8 There is a risk in that by not publishing final audit reports transparently, FSS might attract negative publicity as we would be keeping from the public eye information we freely publish on Local Authorities.

5 Food Standards Agency Approach

- 5.1 Audits of FSA official control delivery are carried out by their internal audit team who view the delivery of this function through the lens of an internal auditor. This view is that UK government departments generally do not publish internal audit reports as their primary purpose is to advise the Accounting or Accountable Officer and the Board on the effectiveness of internal controls.

6 Scottish Government Approach

- 6.1 Scottish Government Internal Audit and Assurance Directorate has not expressed a particular view, however it is interested to hear the outcome of FSS discussions on the matter.

7 Implementation

The decision to whether or not to publish audit reports and action plans of official control delivery is a matter for the FSS Board. Should ARC agree in principle to their publication, a recommendation will be made to the Board by the ARC Chair for such audits to be published within the FSS Model Publication Scheme.

8 Conclusions

8.1 Given the FSS commitment to openness and transparency and to comply with Article 6 of retained Regulation (EU) 2017/625 as amended, the benefits of publication outweigh the risks.

8.2 The most appropriate timing for publication would be following closure of the audit unless there are exceptional reasons otherwise. Exceptional timing could be agreed in discussion with the Accountable Officer and ARC Chair. It is likely that the first report would appear on the website in Quarter 4 2021/22.

9 Recommendation

9.1 The Committee is asked to:

- Recommend to the Board that Official Control Regulation audit reports and action plans be published within the FSS Model Publication Scheme once audits have been closed and otherwise by exception following discussions with the Accountable Officer and the Chair of ARC.

Marion McArthur

Head of Audit Assurance

marion.mcarthur@fss.scot

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Annex 1– Examples of Transparency draft *Commission Notice on a guidance document on the implementation of the provisions for the conduct of audits under Article 6 of Regulation (EU) 2017/625*

	Auditee	Within competent authority	Across competent authorities	Public and other stakeholders
Access to documented audit body procedures	✓	✓	✓	
Consultation on planning of audit programme	✓	✓	✓	
Publication of audit programme	✓	✓	✓	✓
Submission of audit plan	✓	✓		
Opportunity to comment on draft audit report	✓	✓		
Distribution of final audit report	✓	✓	✓	
Publication of auditee's comments on draft report	✓	✓	✓	✓
Publication of final audit report	✓	✓	✓	✓
Publication of summaries of final audit reports and of annual report	✓	✓	✓	✓
Publication of auditee's action plan	✓	✓	✓	✓
Publication of follow-up results	✓	✓	✓	✓
Note: Member States should select the practices (first column) and the extent to which they are applied (remaining columns) which are appropriate to their particular circumstances.				

