

STANDING ORDERS

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STANDING ORDERS

Constitution

1. Audit Scotland is a body corporate established under section 10 of the Public Finance and Accountability (Scotland) Act 2000.
2. The members of Audit Scotland are the Auditor General, the Chairman of the Accounts Commission and three other members appointed by the Scottish Commission for Public Audit.
3. The function of Audit Scotland is to provide such assistance and support as the Auditor General and the Accounts Commission require in the exercise of their respective functions and, in particular, to provide them, or ensure that they are provided, with the property, staff and services which they require for the exercise of those functions. The Auditor General and the Accounts Commission may give directions to Audit Scotland in connection with the exercise of their functions. Detailed provisions about the operation of Audit Scotland are contained in Schedule 2 to the Act as amended by the Public Services Reform (Scotland) Act 2010.
4. In these Standing Orders the members of Audit Scotland meeting together to discharge their functions are referred to as the Board.
5. Members will be appointed under terms and conditions, including remuneration, as determined by the Scottish Commission for Public Audit. The Auditor General and the Chairman of the Accounts Commission may not receive any remuneration as members of Audit Scotland.

Chair

6. The Scottish Commission for Public Audit will appoint one of the members of Audit Scotland which it has appointed to preside at the meetings of the Board.

Meetings

7. Meetings will be held at times, dates and places agreed by the members. In addition, a meeting may be called at any time by the Chair or by not less than three members giving the Chief Operating Officer a written request for such a meeting stating the business to be transacted. The use of video or telephone conferencing by members will be deemed as attendance at the meeting.

Agenda

8. At least three clear working days before a meeting of the Board the Chief Operating Officer will send written notice of the time and place of the meeting and of the business to be transacted to each member. So far as possible,

reports and other papers relating to agenda items will be circulated with the agenda.

Conduct of Business

9. The Chair, if present, will preside. If the Chair cannot be present the Board must appoint one of the other members appointed by the Scottish Commission for Public Audit to preside at the meeting.
10. No business other than that stated in the notice of the meeting will be transacted at that meeting unless a majority of the members present so agree.
11. The Chair of the meeting will decide all questions of order, relevancy and conduct of business during the meeting.
12. A quorum for a meeting of the Board is three members. The Auditor General and the Chair of the Accounts Commission must be present for a quorum to be constituted.
13. At any meeting the Board may suspend Standing Orders for the duration of the meeting or of any item of business provided a majority of the members present so agree.

Minutes

14. Minutes of every meeting of the Board will be drawn up and will be signed at the next following meeting by the person presiding at the meeting.

Vacancy

15. The proceedings of the Board will not be invalidated by any vacancy in membership or by any defect in the appointment of any person.

Code of Conduct

16. Each member will abide by the Code of Conduct for Members of the Audit Scotland Board current at any time.

Committees

17. The Board may appoint standing or ad hoc committees consisting of such numbers as the Board may determine. Committees may consist of members and other suitable persons chosen by the Board.
18. The Board will establish an Audit Committee with the terms of reference contained in Appendix 1.

19. The Board will appoint a Remuneration Committee with the terms of reference contained in Appendix 2.
20. The Board will establish an Appeals Committee with the terms of reference contained in Appendix 3.
21. Any committee will operate within the terms of remit and any delegation made to it by the Board.

Deeds and Documents

22. Any deed or document requiring formal execution by Audit Scotland will be signed for and on behalf of Audit Scotland by the Chairman of the Accounts Commission or the Auditor General for Scotland and the Chief Operating Officer.

Advisers

23. The Board may appoint advisers and pay them such remuneration and expenses as the Board decides. Employees of Audit Scotland, advisers and others may attend meetings of the Board at the invitation of the members.

Application of Standing Orders

24. These Standing Orders will apply to meetings of committees of the Board subject to any due modification of details.

Alteration

25. These Standing Orders may be altered by the Board provided that the alteration is approved by a majority of the members of the Board.

APPENDIX 1: AUDIT COMMITTEE REMIT

The Audit Committee will consist of a member or members of the Board who are not employees of Audit Scotland. The Board may appoint persons who are not members of the Board to be members of or advisers to the Audit Committee, and may pay them such remuneration and expenses as the Board decides. The Chair of the Board and the accountable officer may not be members of the Audit Committee but may attend meetings.

The purposes of the Audit Committee are detailed in the Audit Committee terms of reference, the key points are:

Internal Control and Corporate Governance

To evaluate the framework of internal control and corporate governance comprising the following components:

- Control Environment
- Risk Management
- Information and Communication
- Control Procedures
- Monitoring and Corrective Action

To review the system of internal financial control, which includes:

- The safeguarding of assets against unauthorised use and disposal.
- The maintenance of proper accounting records and the reliability of financial information used within the organisation or for publication.
- To ensure that Audit Scotland's activities are within the law and regulations governing them.
- To monitor performance and best value by reviewing the economy, efficiency and effectiveness of operations.
- To present an annual statement of assurance to the Board to support the statement on internal control.

Internal Audit

- To review the Terms of Reference and appointment of the internal auditors.
- To review and approve the internal audit strategic and annual plans.
- To monitor audit progress and review audit reports.
- To monitor the management action taken in response to the audit recommendations through an appropriate follow up mechanism.
- To consider internal audit's annual report and assurance statement.
- To review the operational effectiveness of internal audit by considering the audit standards, resources, staffing, technical competency and performance measures.

- To ensure that there is direct contact between the Audit Committee and internal audit and that the opportunity is given for discussions with internal audit who should attend every meeting of the Committee.

External Audit

To consider all audit material, in particular:

- Audit Reports
- Annual Reports
- Management Letters
- Management Reports

To monitor management action taken in response to all external audit recommendations.

To hold meetings with the external auditors at least once per year and, as required, without the presence of senior management.

To review the extent of co-operation between external and internal audit.

The external auditor will be appointed by the Scottish Commission for Public Audit under Section 25 of the 2000 Act. The external auditor will examine and certify the account and report on the account to the Commission. The Commission must lay before the Parliament a copy of the account and the auditor's report and publish the account and those reports.

Annual Accounts

To review and recommend approval of the Annual Accounts.

Standing Orders, Financial Regulations and Scheme of Delegation

To keep under review the Standing Orders, Financial Regulations and Scheme of Delegation and recommend to the Board any amendments.

APPENDIX 2: REMUNERATION COMMITTEE REMIT

The Remuneration Committee will consist of a member or members of the Board who are not employees of Audit Scotland. The Board may appoint persons who are not members of the Board to be members of or advisers to the Remuneration Committee, and may pay them such remuneration and expenses as the Board decided.

The draft Remuneration Committee minutes are approved by the Chair of the Remuneration Committee and forwarded on to the full Board at the next available Board meeting.

The purpose of the Remuneration Committee is:

To keep under review and make recommendations to the Board on:

- Arrangements for the fixing of levels of remuneration and conditions of service for all employees of Audit Scotland.
- General adjustments to remuneration and conditions of service affecting all employees
- Fixing of pay policy and other conditions of service for those members of staff within the leadership group and the salary of the management team.

APPENDIX 3: APPEALS COMMITTEE REMIT

The Appeals Committee will consist of at least 2 members of the Board who are not employees of Audit Scotland.

The purpose of the Appeals Committee is:

- To consider and dispose of any matters requiring independent deliberation which may be referred to it by the Board.
- To hear and dispose of appeals under the Audit Scotland disciplinary and grievance procedures.