

Minutes of Meeting of Audit Scotland held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday, 26 September 2007 at 2pm.

PRESENT: A MacNish (Chair)
J Baillie
R W Black
P Taylor

IN ATTENDANCE: R Frith, Director of Audit Strategy
W F Magee, Secretary
D Hanlon, Finance Manager (items 5 & 6)

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Minutes
3.	Membership
4.	Accountable Officer's Report
5.	Budget 2008/9
6.	Financial and Performance Update
7.	Developing our Capacity
8.	Appointment of Internal Auditors
9.	Equal Pay Policy Statement
10.	Staff Survey 2007
11.	Audit Scotland International Strategy
12.	Auditor General's Expenses
13.	Valedictory

1. Apologies

Apologies for absence were submitted on behalf of Caroline Gardner.

2. Minutes

The minutes of meeting of 30 May 2007 were submitted and approved.

3. Membership

The Secretary advised that the Auditor General and the Chairman of the Accounts Commission have appointed Phil Taylor to serve a further period of one year until 1 October 2008 as a member of Audit Scotland. The Board noted the position and welcomed the re-appointment.

4. Accountable Officer's Report

There was submitted a report by Robert Black as the Accountable Officer updating the Board on progress in Audit Scotland since its last meeting. The report covered the following areas:

- Supporting effective democratic scrutiny
- Maximising the value of the audit
- Scrutiny matters
- International work
- Organisational events.

5. Budget 2008/9

There was submitted a report by the Director of Audit Strategy outlining the initial work on the 2008/9 financial year budget and making proposals for using the 2006/7 end year flexibility and for 2007/8 and 2008/9 audit year fee increases. After discussion the Board:

- i. agreed the assumptions underlying the budget and the SCPA bid outlined in the report, and
- ii. approved the proposals for utilising end year flexibility from 2006/7.

6. Financial and Performance Update

There was submitted a report by the Director of Corporate Services updating the Board on Audit Scotland's business performance for the period April to June 2007. The Board noted the report.

7. Developing our Capacity

There was submitted a report by the Deputy Auditor General and the Director of Corporate Services referring to significant changes since March 2006 to streamline the management structure, increase collaboration between the two largest business groups and support effective performance. The report outlined a series of measures being taken to develop and consolidate organisational capacity. In discussion it was suggested that an organogram be circulated to Board members showing the revised structures. Thereafter the Board agreed to approve the courses of action outlined in the report and to note the changes to the establishment within existing resources.

8. Appointment of Internal Auditors

There was submitted a report by the Secretary advising the Board of the outcome of the selection process for internal auditors for Audit Scotland. Following interviews the panel have agreed to appoint Bentley Jennison as internal auditors to Audit Scotland for a three year period beginning with the financial year 2007/8. The Board noted the position.

9. Equal Pay Policy Statement

There was submitted a report by the Director of Corporate Services referring to the gender equality duty on public bodies to promote gender equality and eliminate sex discrimination. The report outlined the process which had been undertaken to draw up the equal pay policy statement, a copy of which was also circulated. The Board approved the policy statement as submitted subject to a number of adjustments to the text to reflect the current position in Audit Scotland.

10. Staff Survey 2007

There was submitted a report by the Director of Corporate Services providing details of the 2007 staff survey. It outlined the key themes from the survey and proposed a series of steps to be taken following up those themes. The Board noted the findings of the staff survey and welcomed the progress shown in those findings.

11. Audit Scotland International Strategy

There was submitted a report by the Director of Corporate Services referring to Audit Scotland's involvement in international activities in the past and proposing a more structured approach in the future following consideration by a short life working group which had been approved by the Management Team. In discussion, the Secretary confirmed that the proposed activities are within the statutory competence of Audit Scotland. Thereafter the Board approved the international strategy as submitted subject to the inclusion of a clear statement of the objectives of the strategy.

12. Auditor General's Expenses

Phil Taylor, as Chair of the Remuneration Committee, advised that he conducts an annual review of the expenses paid to the Auditor General in connection with the performance of his duties.

13. Valedictory

The Board expressed their appreciation of the contribution made to the successful operation and development of Audit Scotland by Alastair MacNish during his period as Chair of the Board in view of his retirement at 30 September. The Board also expressed their appreciation of the services of Bill Magee as Secretary on the occasion of his retirement. Alastair MacNish and Bill Magee responded appropriately.