

Minutes of Meeting of Audit Scotland held in the offices of Audit Scotland, 110 George Street, Edinburgh on Tuesday 16 September 2008 at the conclusion of the meeting of the Remuneration Committee

PRESENT: J Baillie (Chair)
I Low
P Taylor
R W Black
C Gardner

IN ATTENDANCE: D McGiffen, Director of Corporate Services
C Coull, Secretary
R Frith, Director of Audit Strategy
D Hanlon, Finance Manager (items 6 and 7)
S Brennan, (Accent MR) (item 8)
M Mayes (Accent MR) (item 8)

<u>Item No</u>	<u>Subject</u>
1.	Minutes
2.	Recommendations of Committees
3.	Seminar on Governance Matters
4.	Accountable Officer's Report
5.	Business Continuity Plan–Version 4 Autumn 2008
6.	2009/10 Budget and 2008/9 Autumn Budget Revision and Fee Strategy
7.	Draft Fee Strategy
8.	Corporate Plan Consultation
9.	Valedictory

1. Minutes

The minutes of meeting of 12 August 2008 were submitted and approved.

2. Recommendations of Committees

The recommendations arising from meetings of the Audit Committee and Remuneration Committee held earlier in the day were noted and approved.

3. Seminar on Governance Matters

There was submitted a report by the Director of Corporate Services setting out the key points from the seminar on governance matters which had been held on 25 August.

The report was noted and it was agreed that the full report from the Financial Issues Advisory Group which had considered the options for setting up Audit Scotland was relevant and also that it should be noted that the protocol between the Accounts Commission and Auditor General needed to be revised.

(Action – provision of protocol between the Accounts Commission and Auditor General – Chair/Auditor General/Diane McGiffen/Catherine Coull)

4. Accountable Officer's Report

The Accountable Officer introduced his report updating the Board on progress in Audit Scotland since its last meeting. He highlighted the following areas:-

Business performance
Supporting effective democratic scrutiny–publication of reports
Maximising the value of audit
Scottish Commission for Public Audit
International Work.

The report was noted and it was agreed that, in future reports by the Accountable Officer, there be incorporated a standard heading on progress with regards to governance issues.

(Action –include standard heading on progress re governance issues – Bob Black)

5. Business Continuity Plan–Version 4 Autumn 2008

There was submitted a report by the Director of Corporate Services advising that the annual Business Continuity Plan review had been undertaken during July and August and a number of changes had been made. A draft of version 4 of the Business Continuity Plan was attached to the report for consideration by the Audit Scotland Board.

It was agreed to approve the draft plan, subject to the inclusion of appropriate arrangements for contacting the Chair of Audit Scotland when required.

(Action – amendment to plan – Diane McGiffen)

6. 2009/10 Budget and 2008/9 Autumn Budget Revision and Fee Strategy

There was submitted a report by the Director of Corporate Services and the Director of Audit Strategy describing the initial work in preparing the 2009/10 financial year budget and making proposals for a budget for 2009/10; for utilising the 2007/8 end year flexibility; in regard to fee increases for the 2008/9 and 2009/10 audit years; and setting out a draft fee strategy.

In response to questions from members of the Board a number of issues in the papers were explained. Consideration was also given to a number of items to be highlighted in the papers to be submitted to the SCPA in regard to the budget.

It was noted that the discussion which had taken place earlier in the day at the Remuneration Committee was not included in the budget and that an updated version would be submitted to the next meeting.

Thereafter the Board agreed to:-

- i. approve the assumptions underlying the 2009/10 budget and SCPA bid;
- ii. approve the proposals for utilising EYF from 2007/8.

(Action – updated budget to be submitted to next meeting – Russell Frith)

7. Draft Fee Strategy

There was submitted a draft fee strategy document explaining the principles and policies adopted in setting fees and charges and considering the application of the policies to the circumstances of setting fees for the 2008/9 and 2009/10 audit years and the preparation of the budget for the financial year 2009/10.

The paper was noted and approved and it was agreed that the fourth option be adopted—namely reducing the cumulative amount of EYF potentially available by making a rebate to relevant audited bodies (and the Scottish Consolidated Fund), such a rebate not being linked to any specific audit year.

Thereafter the Chair thanked David Hanlon for all his work in connection with the preparation of the budget reports.

8. Corporate Plan Consultation

Sean Brennan and Miranda Mayes of Accent MR gave a presentation on the consultation exercise with the Accounts Commission clients and stakeholders regarding the Audit Scotland corporate priorities 2008/2013.

During discussion it was suggested that the messages coming out of the consultation exercise should be looked at alongside the risk register. There was a need for better communication about the work of Audit Scotland to demonstrate more effectively the public value.

The position was noted and it was noted that a report would be submitted to the Accounts Commission in October on the consultation exercise.

9. Valedictory

John Baillie indicated that this was the last meeting of Audit Scotland to be attended by Phil Taylor who would be retiring as independent member of Audit Scotland in two weeks' time. On behalf of the Board and the whole organisation he thanked Phil for all his work over the past 7 years, for his insightful and penetrating questions at meetings and for his considerable work behind the scenes. He wished him well for the future. Bob Black associated himself with these remarks. Phil Taylor responded that he had considered it an honour and a pleasure to be involved with Audit Scotland.