

Minutes of Meeting of Audit  
Scotland held in the offices of  
Audit Scotland, 110 George  
Street, Edinburgh on Wednesday  
19 November 2008 at the  
conclusion of the meeting of the  
Audit Committee

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

IN ATTENDANCE: D McGiffen, Director of Corporate Services  
C Coull, Secretary  
R Frith, Director of Audit Strategy

<u>Item No</u>	<u>Subject</u>
1.	Minutes
2.	Membership
3.	Remuneration Committee
4.	Audit Committee
5.	Accountable Officers' Report
6.	Scottish Commission for Public Audit's Report on Audit Scotland's Corporate Plan
7.	Strategic Statement between the Accounts Commission and the Auditor General for Scotland on the principles of public audit and the publication of Audit Scotland's Corporate Plan
8.	Performance and Financial Update Quarter 2 Report 2008/09
9.	Timetable of Meetings

1. Minutes

The minutes of meeting of 16 September 2008 were submitted and approved and action was noted. It was agreed that Russell Frith would now proceed to circulate the updated budget.

*(Action – updated budget to be circulated – Russell Frith)*

2. Membership

The Chair welcomed Ronnie Cleland to his first meeting of the Board of Audit Scotland and congratulated him on his appointment.

It was agreed that he be appointed as Chair of the Remuneration Committee and as a member of the Audit Committee.

3. Remuneration Committee

The minutes of meetings of the Remuneration Committee of 16 September and 15 October 2008 were submitted and the recommendations contained therein approved.

4. Audit Committee

The minutes of meeting of the Audit Committee of 16 September 2008 were submitted and the recommendations contained therein were approved.

Isabelle Low reported on the meeting of the Audit Committee held earlier in the day and the recommendations of that meeting were approved.

5. 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 and press comment  
Maximising the value of audit  
Scrutiny improvement  
Best Value development  
International work

The report was noted.

6. Scottish Commission for Public Audit's Report on Audit Scotland's Corporate Governance

There was submitted a report by the Auditor General giving an overview of the issues raised by the SCPA's recent review of Audit Scotland's governance arrangements. The Board was invited to consider its response to the issues raised by the report and agree a way forward.

It was reported that the Parliament had established an ad hoc committee, entitled the Review of SPCB Supported Bodies Committee to consider and report on matters relating to bodies supported by the SPCB, including the issues raised by the SCPA. It

was anticipated that the Accounts Commission, the Auditor General and Audit Scotland would all be invited to submit written evidence.

Consideration was given to Annex A to the report which summarised the main recommendations of the SCPA report and commented on them. The following points were made with regard to specific recommendations:-

- "AGS may not apply for any post during term of office–T&C should compensate for earnings gap"–it would be important to ensure that the restrictions were not so onerous that it would be impossible to recruit to the post
- "Consideration by SPCB whether the post of DAG should be a formal statutory post"–this would require some further consideration
- "Retain functions and processes of the AC but recommendation for a review with the aim of simplifying the structure"–Audit Scotland should look for positive solutions in this regard and should give consideration to the paper being presented to the Accounts Commission on options, including putting in place arrangements for reporting to the Scottish Parliament
- "The SCPA's role as focus for political accountability, and not to have the functions of the Board"–it was noted that the SCPA Clerk would liaise with Diane McGiffen regarding the production of a new protocol
- "Board of five, consisting of AGS, Chair of the AC and three independent non members"–the current size of the Board is considered to be appropriate
- "Board members to be appointed for a fixed term"–consideration would need to be given to the appointment of Isabelle Low and Caroline Gardner in this respect.

Discussion thereafter took place on the anticipated invitation to submit written evidence to the Committee. The view was that it would be appropriate to make one joint submission from all three parties, if this proved possible, but that individual responses could be made in respect of any items where different views were held. Consideration would need to be given in this regard to the paper being prepared for the Accounts Commission on options with relation to its functions and processes.

*(Action – further consideration of proposed submission to Committee – Chair/Auditor General)*

7. Strategic Statement between the Accounts Commission and the Auditor General for Scotland on the principles of public audit and the publication of Audit Scotland's Corporate Plan

There was submitted report by the Auditor General for Scotland together with a joint report from the Chair of the Accounts Commission and the Auditor General which had been considered by the Accounts Commission earlier in the day on the proposal that a joint statement be published on the principles of public audit in Scotland. The report also set out the timescale for production of the Audit Scotland Corporate Plan.

The Chair reported that the Accounts Commission had approved the preparation of a joint strategic statement and the revision of the protocol between the Auditor General and the Accounts Commission on how they would exercise their functions in relation to Audit Scotland.

It was noted that Board approval for the Corporate Plan was needed in early December and agreed that a meeting be held on 9 December at 10am for this purpose.

*(Action – preparation of joint strategic statement – Chair/Auditor General; review of protocol – Secretary and Controller of Audit)*

8. Performance and Financial Update Quarter 2 Report 2008/09

There was submitted report by the Director of Corporate Services presenting summary performance monitoring information for Quarter 2 of the financial year, July to September 2008.

Following discussion on a number of points the report was noted.

9. Timetable of Meetings

The timetable of meetings for 2009 was submitted and approved.