

Minutes of Meeting of Audit Scotland held in the offices of Audit Scotland, 110 George Street, Edinburgh on Wednesday 1 April 2009 at 10am.

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

IN ATTENDANCE: D McGiffen, Director of Corporate Services
R Frith, Director of Audit Strategy
C Coull, Secretary
J Gunster, Health and Safety Adviser (item 6)
D Hanlon, Finance Manager (items 8 and 9)
A Swarbrick, Assistant Director Audit Services (item 11)

<u>Item No</u>	<u>Subject</u>
1.	Declarations of Interest
2.	Minutes
3.	Remuneration Committee
4.	Non-Executive Members
5.	Audit Committee
6.	Health and Safety Presentation
7.	Accountable Officer's Report
8.	Finance and Business Performance Report – Quarter 3
9.	Budget 2009/10
10.	Capital Spend Update – IT Hardware Replacement
11.	Electronic Working Papers – Supplier Selection
12.	Draft Framework for Partnership Working
13.	Delegation of the Functions of the Auditor General in the Event of Incapacity
14.	Public Services Reform Bill

1. Declarations of Interest

It was noted that there were no declarations of interest.

2. Minutes

The minutes of meeting of 6 January 2009 were submitted and approved.

3. Remuneration Committee

The minutes of meeting of the Remuneration Committee of 18 February 2009 were submitted and approved.

4. Non-Executive Members

The minutes of meeting of the non-executive members of 18 February 2009 were submitted and approved by the non-executive members.

5. Audit Committee

The minutes of meeting of the Audit Committee of 18 February 2009 were submitted and approved.

6. Health and Safety Presentation

There was submitted a report by the Director of Corporate Services introducing the presentation on health and safety legislation and the role of executive and non-executive Board members. Thereafter John Gunster, Health and Safety Adviser, delivered a presentation and answered questions.

The position was noted.

7. Accountable Officer's Report

There was submitted a report by the Accountable Officer updating the Board on progress and events at Audit Scotland since the date of his last report. The report dealt with the following issues:-

- Statutory reports
- Performance Audit and other reports
- Maximising the value of audit
- National Fraud Initiative
- Scrutiny Improvement work
- Best Value development
- International work
- Corporate Plan development
- Main grade review and package update
- Evidence to the Calman Commission.

The Accountable Officer's report was noted and it was agreed that the non-executive members of the Board should receive copies of the regular communications digest and advance copies of press releases.

(Action - Copies of Communications Digest and press releases to be circulated – Diane McGiffen)

8. Finance and Business Performance Report – Quarter 3

There was submitted report by the Director of Corporate Services presenting a summary of financial and business performance monitoring information for Quarter 3 of the financial year, October – December 2008. The report had been circulated to members of the Board some weeks previously, given the timing of the meeting.

A number of questions were asked and answered and discussion took place on a number of issues, including income from secondments, fee income and the projected underspend.

Thereafter it was agreed:-

- i. to note the position as outlined in the Quarter 3 report 2008/9;
- ii. to note the policy on secondments as outlined by the Controller of Audit; and
- iii. that quarterly monitoring reports be circulated to Board members as soon as they were available and that further consideration be given to the future programme of meetings to minimise the delay in consideration of these reports.

*(Action – Quarterly monitoring reports to be circulated – Diane McGiffen;
consideration of future meeting programme – Secretary)*

9. Budget 2009/10

There was submitted report by the Director of Audit Strategy and Director of Corporate Services presenting Audit Scotland's proposed budget for 2009/10. The proposed budget was based on that approved by the SCPA in November 2008. While a number of changes were proposed in respect of salary costs, the total budget remained consistent with the financial envelope approved by the SCPA.

Discussion took place on a number of issues including the budget assumptions and the vacancy assumption, the item entitled Management Team controlled expenditure, and the level of budget on legal and professional fees. It was noted that Management Team controlled expenditure was essentially a contingency figure, drawn from a number of individual budget heads.

Thereafter it was agreed that the budget be approved.

10. Capital Spend Update – IT Hardware Replacement

There was submitted a report by the Director of Corporate Services updating the Board on the capital expenditure on the planned replacement of IT hardware. This had been approved within the authority delegated to the Management Team.

The position was noted.

11. Electronic Working Papers – Supplier Section

There was submitted report by the Deputy Auditor General seeking approval from the Board for the selection of MK Insight as the preferred supplier for an electronic working papers system for the Audit Services Group. The report informed the Board of the anticipated business benefits of the investment and set out details of the process of product selection. A detailed assessment of the business and IT functionality for each of three products had been carried out and details of the final

assessment against eight criteria were given, together with the main conclusions drawn from this assessment.

Discussion took place on the management of risk involved in the procurement, development and implementation of the system and it was noted that the costs included training of key staff. Reassurances were given regarding the detailed investigation which would take place into the preferred supplier.

Thereafter the Board agreed to approve the selection of MK Insight as the preferred supplier for the electronic working papers system.

12. Draft Framework for Partnership Working

There was submitted a draft framework document for partnership working between the Accounts Commission, the Auditor General and Audit Scotland.

It was agreed that the framework be approved for the interests of Audit Scotland, subject to a number of minor drafting points being altered, and that the document be then submitted to the Accounts Commission for its consideration.

Discussion took place on the need for a document that could be used to inform the public of the partnership arrangement and it was agreed that the communications team be asked to prepare a document based on the draft framework which would then be put on the web site.

(Action – Communications team to prepare document – Caroline Gardner)

13. Delegation of the Functions of the Auditor General in the Event of Incapacity

There was submitted a report by the Auditor General informing the Board of the arrangements that would come into effect in the event of the temporary incapacity of the postholder. Attached to the report was a letter of delegation which would come into effect if the Auditor General were temporarily incapacitated and unable to delegate his/her functions.

The Board agreed to note the arrangements and the proposed letter, subject to the inclusion at the end of the first line of the letter of the words “to the Deputy Auditor General”.

14. Public Services Reform Bill

An update was given on the proposed amendments to the Public Finance Act which were likely to be contained in the Public Services Reform Bill. Discussion took place on the government’s proposals and it was considered that the current public appointments procedure through the office of the Commissioner for Public Appointments should be utilised for the appointment of members and the Chair of Audit Scotland.