

Minutes of Meeting of Audit
Scotland held in the offices of
Audit Scotland, 110 George
Street, Edinburgh on Thursday,
27 August 2009 at 10.30hrs

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

APOLOGIES: C Gardner

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

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Declarations of Interest
3.	Minutes dated 4 June 2009
4.	Board Evaluation
5.	Board Recruitment
6.	Declarations of Interest & Hospitality
7.	Framework for Partnership Working
8.	2009/10 Autumn Budget Revision
9.	Local Government Pension Scheme Regulations Policy Statement
10.	Audit Scotland – Standing Orders Amendment
11.	Performance & Financial Update – Q1 Report 2009/10
12.	Accountable Officer's Report
13.	Budget Preparation – Firm's Remuneration
14.	Business Continuity Update – Pandemic Planning
15.	Scottish Information Commissioner – Decision Notice

1. Apologies

Caroline Gardner submitted her apologies for the meeting.

2. Declarations of Interest

It was noted that there were no declarations of interest.

3. Minutes

The minutes of meeting of 4 June 2009 were submitted and approved.

4. Board Evaluation

There was submitted a report by the Chair on options for Board Evaluation. Following discussion, it was agreed to proceed with an evaluation process that would include individual discussions between the Chair and board members, leading to a report back to the Board from the Chair. This would be supported by some external involvement from an experienced board evaluator, and supplemented by Ronnie Cleland who would provide feedback from executives on the role and performance of the Board.

Among the issues the evaluation process should consider are:

- The role of the Board internally and externally
- The Board's formal powers and delegated powers
- The role description for non-executive members of the Board.

It was agreed that in discussion with the Chair, Diane would draft a remit and terms of reference for the Board Evaluation taking account of the tool-kit for Board Evaluation used by Audit Scotland, and which had been circulated.

It was agreed that the Board should aim to complete the evaluation by the autumn, and that the Board would consider an arrangement for publishing the process and any actions agreed from the evaluation.

It was agreed that Ronnie Cleland should attend a future meeting of the Accounts Commission.

5. Board Recruitment

The Chair provided a verbal update on the progress with the recruitment of an additional non-executive member to the Board. Interviews were scheduled for 4 & 7 September.

Ronnie Cleland offered to have a discussion with prospective appointees if that would be helpful.

6. Declarations of Interest & Hospitality

There was submitted a report by the Director of Audit Strategy presenting options from review of Audit Scotland's policy procedures and processes for declaring interests and hospitality.

Following discussion, the Board agreed:

- To adopt the revised Code of Conduct for Board members
- That Declarations of Interest should be completed and published on the Audit Scotland website for all members of the Board and Management Group and that all declarations should include the Local Authority area of any property owner
- That Russell Frith should report back to the Board with further clarification on Declarations of Interest in heritable property, prior to the completion of the register of interests
- That hospitality records should be published quarterly for all members of the Board and Management Group and that the records should include hospitality given and accepted
- That the total expenses claimed each month should be published quarterly for all members of the Board and Management Group.

7. Framework for Partnership Working

There was submitted a report by the Chair on the framework for joint working between the Accounts Commission, the Auditor General for Scotland and Audit Scotland. This framework had been previously considered by the Board, had now been considered and amended by the Accounts Commission and was presented finally to the Board for noting. The Board noted the final revisions to the framework.

8. 2009/10 Autumn Budget Revision

There was submitted a report by the Director of Corporate Services on the 2009/10 Autumn Budget Revision.

Following discussion, the Board approved the proposals to request end-year flexibility of £500,000 to complete the expenditure required on lift replacement and the implementation of the reward and competency project and to continue with the previously approved funding for development of Best Value and scrutiny activity.

The Board noted that the request for funding had been revised downwards from previous estimates.

9. Local Government Pension Scheme Regulations Policy Statement

There was submitted a report by the Director of Corporate Services requesting approval of a revised policy statement on the Local Government Pension Scheme Regulations.

Following discussion, the revised policy statement was approved.

10. Audit Scotland – Standing Orders Amendment

There was submitted to the Board a report by the Accountable Office requesting a temporary amendment to Audit Scotland's Standing Orders to provide temporary authority for the Director of Corporate Services to sign Deeds on behalf of Audit Scotland, in conjunction with the Chair of the Accounts Commission or the Auditor General for Scotland. This change was requested pending a fuller review of the Standing Orders, which would be discussed at the September Audit Committee meeting, and in order to accommodate on-going business given the deletion of the post of Secretary.

The Board approved the change.

11. Performance & Financial update – Q1 Report 2009/10

There was submitted to the Board a report on quarter one performance including a financial report. Following discussion, the Board noted the performance in quarter one, and the arrangements for revising performance, monitoring and reporting to reflect the new corporate plan. The Board also requested that progress on performance audits against targets should be presented in summarised form, and that the significance on timing on variances against budget should be clearly signalled.

12. Accountable Officer's Report

There was submitted a report to the Board by the Accountable Officer updating the Board on progress and current events at Audit Scotland since June.

Among the items reported on were:

- Progress on the Annual Audits
- Progress on the Best Value Audits
- Publications since June
- Progress with Local Government Scrutiny Coordination
- The responses to the Audit Scotland Annual Report
- The range of meetings with Stakeholders in Central Government Bodies.

13. Budget Preparation – Firm's Remuneration

There was submitted a report by the Director of Audit Strategy setting out the proposals for increases in the Firm's Remuneration and the introduction of efficiency savings.

The Board noted the consultation with Firms and discussed the overall approach to setting efficiency targets for this part of Audit Scotland's budget.

The Board noted that the draft budget for 2010/11 will be presented to the September Board meeting for approval.

14. Business Continuity Update – Pandemic Planning

There was submitted to the Board a report by the Director of Corporate Services outlining the business continuity arrangements in place and under review in response to the potential threat to Audit Scotland from the Swine Flu virus.

Following discussion, the Board noted the actions taken in preparation for the Swine Flu Pandemic.

15. Scottish Information Commissioner – Decision Notice

There was submitted a report by the Director of Corporate Services detailing the decision by the Scottish Information Commissioner – Decision 096/2009 which had found that Audit Scotland had partially failed to deal with a request for information.

The Board discussed the details of the Scottish Information Commissioner's decision and noted it, pending further consideration of the issue within Audit Scotland, and a further report by to the Board.

16. Any Other Business

There was no further business.