

Minutes of Meeting of Audit
Scotland held in the offices of
Audit Scotland, 110 George
Street, Edinburgh on Friday, 25
September 2009 at the
conclusion of the Audit
Committee

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

APOLOGIES: None

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

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Declarations of Interest
3.	Minutes dated 27 August 2009
	Matters Arising
	<ul style="list-style-type: none">• Guidance on the Inclusion of Heritable Property in the Declaration of Interest• Board Evaluation
4.	SCPA Budget Proposal 2010/11 and updated Fee Strategy
5.	Retirement Policy – 2009 Local Government Scheme
6.	Data Protection Policy
7.	Accountable Officer's Report
8.	Scottish Information Commissioner position and wider issues raised
9.	Any other business

1. **Apologies**

There were no apologies given.

2. **Declarations of Interest**

It was noted that there were no declarations of interest.

3. **Minutes**

The minutes of meeting of 27 August 2009 were submitted and approved.

Matters Arising

1. **Guidance on the Inclusion of Heritable Property in the Declaration of Interest**

There was submitted a paper by the Director of Audit Strategy setting out draft guidance on the inclusion of heritable property in the declarations of interest by Audit Scotland Board Members and Directors. The Board agreed to the recommendations in the paper that disclosure should be required on:

- The local authority/national park area of any property in Scotland lived in as a main residence or holiday home including such property if owned by or jointly with a spouse or civil partner.
- The local authority/national park area in Scotland of any other property majority owned

It was also agreed that property owned through a company or trust, other than a main residence or holiday home would be covered by any declaration required in relation to the interest in or directorship of that company. The conclusion of this matter meant that the revised code of conduct and declarations could now be implemented.

4. **Board Evaluation**

There was tabled a short slide presentation on the proposed board evaluation process, which it was agreed would involve:

- A group discussion on the key themes for the Board to consider
- Non-executive board member observation of management meetings at Audit Scotland
- Interviews between the Chair and each board member
- A report back to the Board from the Chair
- An agreed Board development agenda for 2009 -11.

It was agreed that the process should be completed by the end of January 2010.

5. **SCPA Budget Proposal 2010/11 and updated Fee Strategy**

There was submitted a report by the Director of Corporate Services and the Director of Audit Strategy on the initial work in preparing the 2010/11 financial year budget.

The Board discussed the principal budgeting assumptions, the proposals for meeting an efficiency target of 2 per cent and the pressures on the budget. Following discussion, the Board approved the underlying budget assumptions and that the budget proposal for the SCPA should be submitted on the basis of a request for an increase of funding from the SCPA of 1.5 per cent in financial year 2020/11 and a fee uplift for 2009/10 audits of 1.5 per cent, followed by 1.25 per cent. in audit year 2010/11. The board also agreed the updated fee strategy, which had been revised to reflect the budget assumptions. It was agreed that Audit Scotland should now proceed with its agreed budget submission to the SCPA.

It was agreed that the Board should consider longer-term funding matters at a future meeting, prior to the commencement of the procurement process.

David Hanlon left the meeting.

6. Retirement Policy – 2009 Local Government Scheme

There was submitted a report by the Director of Corporate Services which provided Board members with a draft new retirement policy for approval. The Board was advised that Audit Scotland is obliged to update and publish a new retirement policy following the implementation of the new 2009 Local Government in Scotland Pension Scheme. It was noted that the new retirement policy included a new section about flexible retirement, a statement about employees who wish to retire and then work with Audit Scotland on a self-employed consultant basis and procedural guidance for assessing applications for retirement.

The Board approved the revised retirement policy.

7. Data Protection Policy

There was submitted a report by the Director of Corporate Services which updated the Board on the review of Audit Scotland's Data Protection Policy and associated documents.

The Data Protection Act 1998 (DPA) places a duty on Audit Scotland to protect the personal information which we hold and to provide individuals with access to information we possess about them.

The Board noted and approved the changes to the Audit Scotland Data Protection Policy.

8. 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 August.

Among the items reported on were:

- A delegation from the Chinese National Audit Office visited our offices in September as did the Secretariat of the Cabinet of Ministers of the Ukraine.
- John Baillie, Russell Frith and the Accountable Officer's gave evidence to the Parliament's Finance Committee on 8 September in connection with the Public Services Reform (Scotland) Bill at Stage 1.
- The signing off of local government audits by the end of September by Audit Services.

- The Accounts Commission agreed the overview report on the first round of BV audits at its meeting on 16 September.
- The Auditor General signed the audit opinion on the Scottish Government Consolidated Accounts on 24 September. This was the earliest date for completion and marks a significant achievement by the team.

The Accountable Officer also advised the Board about the recent evidence taking session with the SCPA on Audit Scotland's 2008/09 annual report and accounts and proposal for end year flexibility funding.

9. Scottish Information Commissioner decision and wider issues raised

There was submitted a report by the Director of Corporate Services which updates the Board following a recent decision by the Scottish Information Commissioner that Audit Scotland had partially failed to deal properly with a request for information. The report also outlines the wider policy and practice issues raised by this decision and updates the Board on the way forward.

The Board noted the issues raised by the recent decision and approved the planned course of action of writing to the Scottish Information Commissioner and the Minister for Parliamentary Business.

10. Any other business

10.1. Remuneration Committee

The Board approved a review of the Remuneration Committee remit, following discussion of the standing orders and scheme of delegation in the Audit Committee.

It was noted that the next meeting of the Remuneration Committee would be on 8 October 2009 at 11am.

10.2 Swine Flu

The Director of Corporate Services provided an update on Audit Scotland's preparations for swine flu since the previous Board meeting.

10.3 Isabelle Low

The Chair thanked Isabelle for her considerable work on the Audit Scotland Board and Audit Committee and expressed his thanks for her many significant contributions to discussions during this time. He particularly commended her work as Chair of the Audit Committee, and was joined by other Board members in wishing her well.