

Minutes of Meeting of Audit Scotland held in the offices of Audit Scotland, 110 George Street, Edinburgh on Friday 29 April 2010 after the conclusion of the Audit Committee

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

APOLOGIES: None

IN ATTENDANCE: D McGiffen, Director of Corporate Services  
R Frith, Director of Audit Strategy  
S Ebbett, Communications Officer  
Barbara Hurst, Director of the Performance Audit Group  
Angela Cullen, Assistant Director, Performance Audit Group

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Declarations of Interest
3.	Minutes of the meetings of <ul style="list-style-type: none"><li>• Audit Committee dated 26 March 2010</li><li>• Remuneration committee dated 5 February 2010</li></ul>
4.	Matters arising from the minutes <ul style="list-style-type: none"><li>• Board Development Event</li><li>• Public Service Reform Bill</li></ul>
5.	Audit Procurement Strategy – Board Role
6.	Response to SCPA Report on Audit Scotland’s Budget Proposal for 2010 -11
7.	Audit Scotland Annual Report 2009-10
8.	Non-Executive Board Members’ Travel and Subsistence Claims 2010-11
9.	Chair’s Report
10.	Accountable Officer’s Report
11.	Selecting areas for Audit Examination
12.	Role of Boards
13.	Any other business
14.	Date of Next Meeting

1. Apologies

There were no apologies given.

2. Declarations of Interest

It was noted that there were no declarations of interest.

3. Minutes

**Audit Scotland Board**

The minutes of the meeting of the Audit Scotland Board dated 26 March 2010 were submitted and approved as an accurate record.

**Remuneration Committee**

The minutes of the meeting of the Remuneration Committee dated 5 February 2010 were submitted and approved as an accurate record, subject to a spelling correction on Ronnie Cleland's name.

4. Matters Arising from the Minutes

**Board Development Event**

The Board noted that a letter had been sent to Audit Scotland colleagues who had provided comment and feedback to the Board in advance of the development event. It was noted that the Board agenda had been adapted for this meeting to incorporate more space for discussion of issues, and that the areas identified for further discussion by the Board would feature on forthcoming agendas. These items include

- Relationships with key stakeholders
- Improving audit partners' understanding of the governance of and the consequence and impact of choices
- Contingency planning
- Succession planning.

**Public Service Reform Bill**

The Board noted the progress of the Public Service Reform Bill and the need to discuss transitional arrangements with the Scottish Commission for Public Audit. It was noted that the SCPA will meet on 19 May 2010, but that no agenda was yet available.

5. Audit Procurement Strategy – Board Role

There was submitted a report by the Director of Audit Strategy on the Audit Procurement Strategy – Board Role, which had been previously circulated.

Following detailed discussion of the role of the Board and the timetable for procurement, the Board agreed that its primary function in the audit procurement exercise should be to ensure that the Accounts Commission and the Auditor General receive the best possible advice and support from Audit Scotland to fulfil their statutory roles on audit appointments.

The Board agreed that it should therefore satisfy itself that

- Proper processes and robust analysis have been adopted in developing and executing proposed procurement arrangements
- Any proposals being recommended are reasonable in the context of Audit Scotland's corporate plan and financial strategy.

The Board therefore agreed to receive the following reports on the procurement process:

- Detailed strategy, including extent of mixed market, number of firms, tender evaluation criteria and weightings and criteria for portfolios of work – June 2010
- Further consideration of detailed strategy, if required – July and/or September 2010
- Evaluation of tenders and recommendations on provisional appointments – February 2011.

The Director of Audit Strategy explained the process for revising the Code of Audit Practice and its role in setting the parameters for the audit. The Board agreed to receive reports on the draft code in June, July (if necessary) and following consultation with stakeholders a final code in September/October 2010.

The Board noted the timetable for the Accounts Commission to consider the procurement strategy, appointments and the Code of Audit Practice.

Following discussion, the Board agreed that the procurement exercise should include a presentation by potential appointees, subject to the Director of Audit Strategy obtaining further professional advice on the acceptability of that process under European Union procurement rules. It was also agreed that the composition of the panel should be Chair of the Accounts Commission, the Auditor General, Chair of Audit Scotland Audit Committee and Chair of the Accounts Commission Financial Audit and Assurance Committee.

### **Action**

- *Director of Audit Strategy to prepare reports on procurement for the Board.*
- *Director of Audit Strategy to prepare reports on Code of Audit Practice for the Board.*

#### 6. Response to SCPA Report on Audit Scotland's Budget Proposal for 2010-11

There was submitted a report by the Director of Corporate Services on the response to the SCPA Report on Audit Scotland's Budget Proposal for 2010-11, which had been previously circulated.

Following discussion, the Board approved the draft response.

#### 7. Audit Scotland Annual Report 2009-10

***Simon Ebbett, Communications Officer joined the meeting.***

The Director of Corporate Services introduced the draft Audit Scotland Annual Report 2009-10, which had been circulated electronically to the Board. The Board noted the timetable for the production of the report. Simon Ebbett outlined the objectives of the annual report and tabled the design for the report.

The Board agreed to provide comment to Simon Ebbett by 5 May 2010 on the draft, and it was noted that the Chair and the Auditor General would sign off the final version for print, and that Board members would be circulated with a final version for comment.

The Board thanked Simon for his work on the report.

***Simon Ebbett left the meeting.***

8. Non-Executive Board Members' Travel and Subsistence Claims 2010-11

There was submitted a report by the Director of Corporate Services on Non-Executive Board Members' Travel and Subsistence Claims 2010-11, which had been previously circulated.

The Board approved the guidance for 2010-11.

9. Chair's Report

The Chair invited comment on introducing a Chair's report on Board agendas, which would provide an update on the Chair's activities and more information on the work of the Accounts Commission.

The Board welcomed the development which would be introduced from the next meeting.

10. Accountable Officer's Report

There was submitted a report by the Accountable Officer highlighting items of interest to the Board that had occurred since the previous meeting.

The Board noted the report and thanked the Auditor General for his update. The Board congratulated Alastair Swarbrick, Assistant Director, who had been appointed as Auditor General to the Cayman Islands.

11. Selecting Areas for Audit Examination

***Barbara Hurst, Director of Performance Audit and Angela Cullen, Assistant Director of Performance Audit joined the meeting.***

There was a discussion of the roles and duties of the Auditor General, the Controller of Audit and the Accounts Commission in selecting areas for audit examination. Barbara Hurst outlined the arrangements for consulting on behalf of the Auditor General and the Accounts Commission on the programme of performance audits.

The Board noted the arrangements for selecting areas for audit examination.

12. Role of Boards

The Director and Assistant Director of Performance Audit introduced a presentation for information on the performance audit on the role of boards.

The Board welcomed the presentation and thanked the team for their update.

***Barbara Hurst and Angela Cullen left the meeting***

13. Any Other Business

There was no other business.

14. Date of the next meeting

The date of the next Audit Scotland Board will be held on:

- **Thursday, 3 June** at following the conclusion of the Audit Committee meeting which begins at **10.00hrs** and will be held in the **Boardroom** at the offices of **Audit Scotland** at **110 George Street, Edinburgh**.