

Minutes of Meeting of Audit
Scotland held in the offices of
Audit Scotland, 110 George
Street, Edinburgh on Thursday, 3
June 2010 at 11.30hrs.

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

APOLOGIES: C Gardner

IN ATTENDANCE: D McGiffen, Director of Corporate Services
R Frith, Director of Audit Strategy
D Hanlon, Finance Manager
L Meahan, Chair of Diversity & Equality Steering Group

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Declarations of Interest
3.	Minutes of the meeting of <ul style="list-style-type: none">• Audit Scotland Board dated 29 April 2010
4.	Matters arising from the minutes <ul style="list-style-type: none">• Audit Procurement Strategy – Board Role
5.	Annual Report from Audit Committee to the Board and Accountable Office
6.	Draft Statutory Accounts
7.	Performance Update Quarter 4 Results
8.	Revised Code of Audit Practice Consultation Draft
9.	Audit Procurement Strategy
10.	Equality Annual Review
11.	International Steering Group 2009/10 Report
12.	Accounts Commission Chair's Report
13.	Accountable Officer's Report
14.	Scottish Commission for Public Audit meeting 19 May 2010
15.	Any other business
16.	Date of Next Meeting

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

Audit Scotland Board

The minutes of the meeting dated 29 April 2010 were submitted and approved.

4. Matters Arising from the Minutes

Audit Procurement Strategy – Board Role

It was noted that this item was addressed under Item 9.

5. Annual Report from Audit Committee to the Board and Accountable Officer

There was submitted an Annual Report from the Audit Committee which, on the basis of the work reviewed and the progress made during 2008/09, advised the Board that, in the opinion of the Audit Committee, the internal control systems in Audit Scotland were adequate and effective.

The report and assurance were noted.

6. Draft Statutory Accounts 2009/10

It was reported that the Audit Committee had met earlier in the day and had considered, in detail, the Annual Report and Accounts for 2009/10. It was agreed to accept the recommendation of the Audit Committee and to approve the Annual Report and Accounts 2009/10.

David Hanlon left the meeting

7. Performance Update Quarter 4 Results

There was submitted a report on Quarter 4 performance 2009/10 by the Director of Corporate Services. The report also showed cumulative performance for the full year 2009/10. It was noted that financial performance for the year was reported under Item 6.

The report was noted.

8. Revised Code of Audit Practice Consultation Draft

There was submitted a report by the Director of Audit Strategy setting out proposed revisions to the Code of Audit Practice. The Director of Audit Strategy outlined the nature of the proposed changes and the links between the Code of Audit Practice and other documents setting out the principles of public audit. He also set out the timetable and proposals for consultation with stakeholders.

The Board noted that the draft Code of Audit Practice would be considered by the Accounts Commission at its meeting on 17 June. Subject to any comments by the

Accounts Commission, the Board approved the draft Code of Audit Practice for consultation and the proposed timetable and consultation arrangements.

9. Audit Procurement Strategy

There was submitted a report by the Director of Audit Strategy on the Audit Procurement Strategy.

Following discussion, the Board agreed to the overall proposal for market share, number of firms sought and that the principle of price competition be included in the procurement process.

The Board also considered and approved the evaluation criteria and proposed weightings set out in the report, and the criteria set out for the construction of audit portfolios.

The Board noted that the comments of the Accounts Commission's Financial Audit and Assurance Committee had been incorporated into the proposals, and that the Accounts Commission would consider the report, including the Board's comments at its meeting on 17 June 2010.

10. Equality Annual Review

Lorna Meahan joined the meeting

There was submitted a report by the Chair of the Diversity and Equality Steering Group reporting progress against Audit Scotland's single equality scheme. It was noted that the Equality Annual Review replaced the individual reports on gender and disability which had been published separately in previous years.

The Board approved the Annual Equality Review for publication on Audit Scotland's website and thanked and commended the team who had provided the report.

Lorna Meahan left the meeting

11. International Steering Group 2009/10 Report

There was submitted a report by the Chair of the International Steering Group reporting on Audit Scotland's International work in 2009/10

The Board approved the report for publication subject to minor amendments and thanked and commended the team who had supported the international work during the year.

12. Accounts Commission Chair's Report

The Chair of the Accounts Commission submitted a report advising the Board on the recent activity of the Accounts Commission.

The Board noted the report.

13. Accountable Officer's Report

The Accountable Officer submitted a report updating the Board on progress in Audit Scotland since its last meeting.
The Board noted the report.

14. Scottish Commission for Public Audit meeting 19 May 2010

There was submitted a report by the Director of Corporate Services enclosing the official report of the Scottish Commission for Public Audit meeting on 19 May 2010. An update was provided on progress with transitional provisions and it was agreed that the Chair and the Auditor General should continue to discuss the proposed changes with the SCPA.

13. Any Other Business

There was no other business.

14. Date of the next meeting

The next Audit Scotland Board meeting will be held on:

- **Thursday, 19 August at 10.00hrs and will be held in the Boardroom at 110GS**

The Board noted and approved the cancellation of the July meeting.