



Minutes of the Audit Committee
2018

Audit Committee Meeting

Wednesday 14 March 2018, 10.00am

Audit Scotland offices, Nelson Mandela Place, Glasgow

Present:

H Logan (Chair)
R Griggs

Apologies:

G Sharp

In attendance:

C Gardner, Auditor General for Scotland
I Leitch, Chair of the Audit Scotland Board
D McGiffen, Chief Operating Officer
M Walker, Assistant Director, Corporate Performance and Risk
S Dennis, Corporate Finance Manager
A Devlin, Corporate Governance Manager
D Robertson, Digital Services Manager
C Robertson, BDO
A O'Donnell, BDO
S Cunningham, Alexander Sloan
J So, Alexander Sloan

0. Confidential Item – Internal audit procurement update

Agenda item 10 was taken in private at the start of the meeting.

The Corporate Governance Manager submitted a confidential report on the procurement of internal audit services, which had been previously distributed.

After discussion it was agreed to recommend the preferred supplier to the Board for approval at their next meeting on 28 March 2018.

1. Private meeting

A private meeting was held with BDO, the internal auditors, and Alexander Sloan, external auditors.

There were no issues raised from the private meeting.

2. Welcome and apologies

The Chair of the Audit Committee opened the meeting and noted that apologies were submitted by G Sharp who was attending the 2018 Accounts Commission strategy seminar.

3. Declarations of interest

There were no declarations of interest.

4. Minutes of meeting 15 November 2017

The Audit Committee members reviewed the minutes of the meeting of 15 November 2017, which had previously been circulated.

The minutes were approved as an accurate record of the meeting.

5. Review of actions tracker

The Audit Committee members reviewed the outstanding actions on the actions tracker. The members welcomed the actions which had been concluded and closed.

Updates were provided by Audit Scotland's officers and a number were covered as specific items later on the agenda.

The members welcomed the progress and noted the update.

6. Audit Committee terms of reference

The Chair invited comments from members on the report submitted by the Corporate Governance Manager, which had been previously circulated.

The members approved the updated terms of reference.

7. Internal audit reports

Claire Robertson, BDO submitted internal audit reports on IT service management, financial reporting, workforce planning/resource management and the follow-up review, which had been previously distributed.

IT service management

David Robertson, Digital Services Manager, joined the meeting.

Andrew O'Donnell, BDO provided an overview of the good practice points and key findings as well as the audit outcome of substantial assurance for design and reasonable assurance for operational effectiveness.

The Chair invited comments and questions on the report from the members.

Russel Griggs indicated that he wished to explore the substantial level of assurance that is awarded to most of Audit Scotland's internal audit reports but agreed with the Chair that it be covered when discussing the 2017/18 annual assurance report.

The Chair of the Audit Committee sought and received clarification on the term 'rented purchase' from the Digital Services Manager.

The Chair asked what led to observation three on KPIs. Claire Robertson explained that Digital Services did not have data for one of the KPIs during the audit. The Digital Services Manager also explained that KPIs had been introduced to help achieve ISO 27001 but in hindsight some of the KPIs did not result in meaningful data and were being reviewed and may be dropped if they did not add value.

Ian Leitch highlighted an inaccuracy in the text of the Root-cause-analysis section on page seven. BDO the internal auditors agreed to amend the text.

The report was noted.

David Roberson left the meeting.

Action 55AC: BDO to amend the wording of the root-cause-analysis section of the IT Service Management report and re submit it to Audit Scotland. (March 2018)

Financial reporting

Andrew O'Donnell, BDO gave an overview of the good practice points and key findings as well as the audit outcome of substantial assurance for both design and operational effectiveness.

The Chair invited questions on the report from the members. Russel Griggs noted the comments from those interviewed that the financial reports were too detailed and asked if the end users were really using the very detailed financial reports. Claire Robertson indicated that the reports were being used but that there was some scope for them to be simplified.

The Chief Operating Officer said that she welcomed the report as positive assurance to the Committee members that the changeover during the year of Finance Managers did not affect operational performance.

The members noted the report.

Workforce planning/resource management

Andrew O'Donnell, BDO gave an overview of the good practice points and key findings as well as the audit outcome of substantial assurance for both design and operational effectiveness.

The Chair of the Audit Committee asked about progress on the skills gap analysis recommendation. The Chief Operating Officer advised the members that action was underway and that it had been discussed at the Corporate Services Managers meeting on 13 March 2018.

A discussion took place on previous attempts to map skills and experience including what BDO's process was for this in their organisation. The consensus was that this was a challenging area of work that required careful management.

The members noted the report.

Follow-up review

Andrew O'Donnell, BDO gave an overview of the outcomes from the follow-up review. The members were informed that Audit Scotland had made good progress in implementing recommendations.

Russel Griggs asked if Audit Scotland managers were estimating the recommendation completion date accurately as 28% of recommendations were either not complete or only partially complete. The Chair of the Audit Committee shared the members concern regarding this citing a date of 30 September 2017 being set for implementing cold reviews when it was generally accepted that this date would not be fully met. Claire Robertson advised the members that there were good reasons given for recommendation not having met their implementation dates.

A discussion took place around the estimation of implementation dates by Audit Scotland Managers and the role internal audit could play in challenging dates if they seemed over ambitious. Claire Robertson agreed that this challenge should be integrated into the audit clearance process.

The Chair of the Audit Committee asked why the management response to the contract management recommendation was not more aligned to the status as at February 2018. The Corporate Finance Manager informed the Chair that more work was being done to the ishare page to make it more effective for those seeking guidance on procurement and contract details.

The members noted the two internal audit reports.

Action 56AC: Internal auditors to initiate a process for challenging managers on recommendation implementation dates where they seem to be over ambitious. (June 2018)

8. Co-operation between internal and external auditors

Claire Robertson, BDO introduced the report on co-operation between internal and external audit, which had been previously circulated.

The members noted the report.

9. 2017/18 Internal audit annual assurance report

Claire Robertson, BDO provided an overview of the internal audit annual report 2017/18, which had been previously circulated. Claire Robertson advised the members that the conclusion is positive for the audit year, and that internal audit provided reasonable assurance that there were no major weaknesses in the internal control systems for the areas reviewed in the year.

Russel Griggs returned to his comment previously raised under agenda item 7 in which he wished to explore the number of substantial assurances provided for the areas audited. Russel asked internal audit if they were satisfied that the 'bar' was set at the correct level for the audits or whether Audit Scotland's performance was strong in almost all areas. Claire Robertson assured the members that the 'bar' was set at the correct level and that due to continuity of auditing Audit Scotland over the past few years BDO were able to review previous work to see improvement and progress. The members were also informed that an Audit Needs Assessment would be undertaken shortly by internal audit at the start of the next contract and that internal audit may identify areas that would result in more areas for development and improvement.

The members welcomed the assurance the report had given on internal control.

The Chair informed the members that the annual assurance report brought to an end the internal audit work for 2017/18 and the current internal audit contract. The Chair thanked BDO for all their work during over the last three years.

10. Internal audit procurement update

This item was taken in private at the start of the meeting.

11. 2017/18 Year end statutory accounts timetable

The Corporate Finance Manager introduced the timetable for the completion of the statutory accounts to 31 March 2017, which had previously circulated.

The Audit Committee noted the timetable.

12. External auditors plan 2017/18

Steven Cunningham, Alexander Sloan introduced the external audit plan and timetable for the 2017/18 audit.

The Audit Committee welcomed the update and noted the plan.

13. Review of risk register

There was submitted a report by the Assistant Director, Corporate Performance and Risk, on the review of Audit Scotland's risk register, which had been previously circulated.

The Assistant Director, Corporate Performance and Risk, introduced the report by highlighting the changes made since the last report in November.

A discussion took place on risk 5 – Failure to assess the impact of and respond to the EU referendum result, and the risks and controls surrounding ‘Brexit’, including the impact it may have on Audit Scotland. The Chief Operating Officer informed the members that Management Team had discussed this matter, what was being done to manage the risks and that this area was the subject of the next risk interrogation to be considered by the Committee at its meeting on 23 May 2018.

The members noted the report.

14. Risk interrogation: Legitimacy, relevance and independence

There was submitted a report by the Assistant Director, Corporate Performance and Risk, on the risk interrogation: legitimacy, relevance and independence, which had been previously circulated.

The Chair of the Audit Committee informed the meeting that she valued these reports and the assurance they gave to the members on the work done to control the risks.

The Assistant Director, Corporate Performance and Risk provided an overview of the interrogation picking out the highlights and the controls in place.

A general discussion took place on the stress around the risk scores and the extent of any challenges to independence, legitimacy and relevance. The members were advised that the independence of the public audit model in Scotland and that of the Auditor General, the Accounts Commission and Audit Scotland are business critical, carefully managed and reflected in the risk scores.

Ian Leitch added that the independently appointed Board members were further evidence of the controls and could be covered in the report. The Assistant Director, Corporate Performance and Risk agreed to consider this for future risk reports and the risk register.

The members noted the report.

Action 57AC: The Assistant Director, Corporate Performance and Risk to consider the independently appointed Board members for future risk reports and the risk register. (May 2018)

15. Q3 financial performance report

There was submitted a report by the Corporate Finance Manager, on the Q3 financial performance report, which had previously been circulated.

The Chair reminded the members that the report had been discussed at the February Board meeting due to the sequencing and timing of the meetings this year.

The Corporate Finance Manager informed the members that our forecasts for the year had been reviewed and that we were consistent with the budget.

The Chair of the Audit Committee informed the members that she had met with Audit Scotland Officers on 7 March 2018 about the detail of financial detail needed for consideration by the Audit Committee members. It was agreed that a simplified report would come to the Audit Committee from the Corporate Finance Manager in future.

The members noted the report.

Action 58AC: The Corporate Finance Manager to simplify the quarterly financial reports for the Committee. (June 2018)

16. Digital security update

David Robertson, Digital Services Manager joined the meeting.

There was submitted a digital security update report by the Digital Services Manager, which had previously been circulated.

The Digital Services Manager provided the members an overview of the main points in the report.

Members of the committee sought clarification on a range of issues and were provided with further information. The areas covered included; the provider of cloud services, Crypto jacking, the extent to which Audit Scotland is targeted through low level cyber-attacks, the motion enabled security camera in the digital server room and the definition of multiple redundant systems for work stream 3.

The Chief Operating Officer informed the members that the investment in our Digital Services has been of great value to the organisation as witnessed most recently by the extremely low impact on our work as a result of the disruption caused to the UK from the winter weather in late February.

The Chief Operating Officer and Audit Committee Members thanked the Digital Services Manager and the Team for all their hard work.

The Audit Committee noted the report.

David Robertson, Digital Services Manager left the meeting.

17. Annual assurance and statement of control process

The Corporate Governance Manager submitted the annual assurance and statement of control process report, which had been previously circulated.

The Audit Committee noted the report.

18. Any other business

Two items of other business were raised on data incidents and whistleblowing prescribed persons.

The Corporate Governance Manager informed the members that there had been one data incident to report since the last meeting and that this involved the loss of a mobile phone; there was no risk to our information as the phone was remotely wiped.

The members were also updated on progress to have Audit Scotland reinstated as a prescribed person under the Public Interest Disclosure Act.

Action 59AC: The Corporate Governance Manager to provide an update at the next meeting of the Committee. (May 2018)

The members welcomed the updates.

19. Review of meeting

The Chair of the Audit Committee invited members to comment on the standard of the papers submitted to them and on the meeting itself.

Members were satisfied with the papers and the meeting.

20. Date of next meeting

The next meeting will be held at 10.00am on 23 May 2018 in the offices of Audit Scotland, Nelson Mandela Place, Glasgow.

Audit Committee Meeting

Wednesday 23 May 2018, 10.00am

Audit Scotland offices, Nelson Mandela Place, Glasgow

Present:

H Logan (Chair)
G Sharp

Apologies:

R Griggs

In attendance:

C Gardner, Auditor General for Scotland
I Leitch, Chair of the Audit Scotland Board
D McGiffen, Chief Operating Officer
F McKinlay, Director of Performance Audit and Best Value
M Walker, Assistant Director, Corporate Performance and Risk
E Boyd, Assistant Director, Appointments and Assurance
O Smith, Senior Manager, Appointments and Assurance
J Gilchrist, Manager, Appointments and Assurance
F Daley, Consultant
C Young, Correspondence Manager
S Dennis, Corporate Finance Manager
A Devlin, Corporate Governance Manager
C Robertson, BDO
A O'Donnell, BDO
S Cunningham, Alexander Sloan

1. Private meeting

A private meeting was held with BDO, the internal auditors, and Alexander Sloan, external auditors.

There were no issues arising from the private meeting.

2. Welcome and apologies

The Chair of the Audit Committee opened the meeting and welcomed Claire Robertson and Andrew O'Donnell from BDO, Audit Scotland's newly appointed internal auditor. The Chair advised of Russel Griggs' apologies and informed members she would refer during the meeting to his comments on the papers which he had shared in advance.

3. Declarations of interest

There were no declarations of interest.

4. Minutes of meeting 14 March 2018

The Audit Committee members reviewed the minutes of the meeting of 14 March 2018, which had previously been circulated.

The members approved the minutes as an accurate record of the meeting.

5. Review of actions tracker

The Audit Committee members reviewed the outstanding actions on the actions tracker and welcomed the number that had been reported closed.

Progress updates were given as necessary by Audit Scotland's staff and members noted that Audit Scotland would be reinstated as a prescribed person under the whistleblowing legislation on 1 August 2018.

The members noted the update.

6. Audit Committee terms of reference

The Chair invited comments from members on the report submitted by the Corporate Governance Manager, which had been previously circulated.

The members approved the terms of reference.

7. Annual internal audit plan 2018/19

Claire Robertson, BDO introduced the draft internal audit plan for 2018/19 to 2020/21, which had previously been circulated. She highlighted the different approach to be adopted to assess IT robustness and monitor risk management throughout the year.

The Chair sought clarification on the scope for monitoring risk management and the output to be delivered and Claire Robertson advised this was yet to be agreed, but that the intention was to attend Audit Scotland meetings where risk was discussed to assess how risk is managed. Martin Walker advised that a further review of the corporate risk register would be scheduled once the design and build of the new corporate performance system had been completed.

The Chair asked for a review of Audit Scotland's preparedness and planning for the new financial powers and constitutional change to be incorporated within the internal audit plan, the rationale being that Audit Scotland audited the preparedness of public sector bodies for this and should benefit from having BDO scrutinise its work. She queried the number of days in the plan to review complaints management and suggested some of that time could be spent on a preparedness review.

Claire Robertson advised that the complaints management area has not been considered previously and it would explore how Audit Scotland manages complaints and correspondence cases. Diane McGiffen advised that a lot of improvements had been implemented in complaints handling and an independent review would be useful.

On the matter of the preparedness audit, Caroline Gardiner advised work is currently underway around planning and recruitment and Diane McGiffen agreed to discuss the scope for this exercise with BDO before it would be circulated to Audit Committee members for approval. Diane also advised that BDOs commitment to identifying streamlining opportunities as part of the wider internal audit scope would be welcome.

The Chair referred to Russel Griggs' query about the scope for the follow up audit. The Chair was advised that all audit scopes would be shared with the Audit Committee members before each audit for comment.

Claire Robertson advised the members that the data protection audit would look at compliance with the GDPR.

The members noted the report.

Action 60AC: Internal auditors to plan a review of the corporate risk register in 2019/20. (May 2019)

Action 61AC: Diane McGiffen and BDO to discuss the scope for a review of Audit Scotland's preparedness and wider internal scope to identify streamlining opportunities. (September 2018)

8. Review of risk register

There was submitted a report by the Assistant Director, Corporate Performance and Risk, on the review of Audit Scotland's risk register, which had been previously circulated.

The Assistant Director, Corporate Performance and Risk, introduced the report by highlighting the changes made since the previous report in March.

A discussion took place on IT risks and the risks associated with the potential impact of any constitutional change.

The members noted the report.

9. Risk interrogation: Failure to assess the impact of and respond to EU withdrawal

Mark Roberts, Senior Audit Manager, and Kirstin Scott, Auditor, Performance Audit and Best Value joined the meeting.

The Chair welcomed Mark Roberts and Kirstin Scott to the Audit Committee.

There was submitted a report by the Assistant Director, Corporate Performance and Risk, on the risk interrogation – failure to assess the impact of and respond to EU withdrawal, which had been previously circulated.

Kirstin Scott, Auditor, advised the members that while specific reports on EU exit work do not feature in our existing work programme we continue to closely monitor the position closely and have some flexibility to adapt the programme as necessary.

The Chair noted Russel Grigg's question about responding to the political risks and agenda and members agreed that the team can only monitor such risks.

The Chair queried the EAFA plans, the level of agency staff used on those audits and the risk of longer term skills shortage. Mark Roberts advised that the current EAFA regime will run until 2021. Diane McGiffen informed the Committee that the auditors working on EAFA could work flexibly across other audits and were being encouraged to take up any learning and development opportunities available. Diane also advised that Audit Scotland continue to monitor the position for colleagues who are EU nationals and are considering how to provide appropriate support.

The Chair asked whether there were any learnings from this risk interrogation for other developing areas and Mark Roberts agreed it had been a useful exercise and that additional guidance prepared for auditors would help to inform future work.

The Chair reflected on the magnitude of potential changes and Mark advised that it was too early to say what the outcome would be and what that would mean for Audit Scotland. In response to the Chair, Claire Robertson advised that internal audit considered the interrogation report to be thorough.

The Chair asked about public body preparedness for withdrawal and the process for escalating issues. Mark Roberts advised that public bodies have started considering the implications of withdrawal and that increased activity is expected. He highlighted plans to gather feedback from auditors and public bodies that will inform an update report to the Auditor General and Accounts Commission.

The Audit Committee noted the report and welcomed the discussion.

Claire Robertson and Andrew O'Donnell, BDO and Mark Roberts, Senior Audit Manager, and Kirstin Scott, Auditor, Performance Audit and Best Value left the meeting.

10. Review of risk management framework

There was submitted a report by the Assistant Director, Corporate Performance and Risk, on the review of Audit Scotland's risk management framework, which had been previously circulated.

Martin Walker invited Committee members to note the framework had been updated to reflect the risk interrogations undertaken and organisational changes over the past two years and welcomed any comments on the revised risk management framework.

The Chair referred to the risk maturity model at appendix five of the framework and asked how Audit Scotland could move from 'managed' to 'enabled'. Martin Walker explained that Audit Scotland would be in a better position when the new performance management system was in place and giving us real time data.

The Audit Committee noted the assurance received from internal audit on the framework and discussed risk assessment sessions with members agreeing to consider this as part of the ongoing Board development agenda.

The Chair reflected on the previous streamlining discussion with BDO and Diane McGiffen advised that the internal auditors often cite Audit Scotland as doing well but a discussion to consider how to develop the risk maturity model and build on efficiencies would be useful.

Following discussion, the Audit Committee approved the framework.

Action 62AC: Diane McGiffen to schedule a risk assessment session as part of the Board development agenda. (October 2018)

11. Review of performance management arrangements

There was submitted a report by the Assistant Director, Corporate Performance and Risk, on the review of Audit Scotland's performance management arrangements, which had been previously circulated.

Martin Walker advised the Audit Committee that this had been an improvement action for some time with a review of the framework being undertaken as well as a project to consider how we use our time to inform a report to Management Team, who had approved the development of a new performance management system. Martin advised a working group has been formed and would be developing the system design over the course of this financial year.

The Chair asked what advantage colleagues would see as they were being asked to input more data. Martin advised that real time data would provide much more information to the teams on many different levels. The Chair asked whether best practice was being sought from similar organisations to ensure the correct model was constructed. Martin Walker advised that qualified auditors who are members of the Performance Reporting and Management Group and review the implementation of the new performance management systems in other bodies.

The Chair also asked whether the outstanding internal audit point around maintaining a skills database was being progressed at the same time as the new performance management system. Martin Walker advised that it was and that the effectiveness of the HR system would be reviewed to see whether a better process or system was possible.

Graham Sharp said it was critical that the performance management system could cope with best value work as well as financial audits. Diane McGiffen advised that MKI may be used for financial, performance and best value audit work and this would help improve quality for ICAS audits and management data interrogation.

The Audit Committee noted the report.

12. Audit quality monitoring report Q3/4 2017/18

Elaine Boyd, Assistant Director, Owen Smith, Senior Manager, John Gilchrist, Manager, Appointments and Assurance, Fiona Daley, Consultant, Fraser McKinlay, Director of Performance Audit and Best Value and Fiona Kordiak, Director of Audit Services, joined the meeting.

The Assistant Director, Appointments and Assurance, introduced the 2017/18 Q3/4 audit quality monitoring report, which had been previously circulated.

The Chair reflected on the quantifiable scrutiny which is now taking place and advised that she had reviewed the report against the previous three year's quality and transparency and quality reports and it represented a considerable step forward in providing assurance on audit quality. She added that the risk register correctly reflects the challenges and a clear focus on what we should be doing next both strategically and operationally.

The Chair invited an initial discussion on the reports from items 12 to 15.

Elaine Boyd invited the Audit Committee to note the assurance provided while acknowledging next steps which included more reporting around Performance Audit and Best Value audits, the review of and setting more clearly defined KPIs, future stakeholder engagement and reporting the results of the reviews both internally and externally.

Owen Smith advised of feedback meetings with auditors had taken place to share both the overall messages and specific areas for improvement which had been well received. John Gilchrist advised that on an operational level we need to ensure earlier engagement with auditors.

Graham Sharp welcomed the good progress made in providing assurance and following significant discussion with the Accounts Commission.

The Audit Committee noted the report.

13. Audit quality thematic review: Prior period errors 2016/17

The Assistant Director, Appointments and Assurance introduced the 2016/17 prior period errors report, which had been previously circulated.

Elaine Boyd informed the members that overall prior period errors were very small and that technical training had commenced with auditors to improve knowledge and skills in this area or work.

The Audit Committee noted the report.

14. Audit quality: Improvement actions

The Directors of Audit Services Group and Performance Audit and Best Value introduced the audit quality improvement actions report, which had been previously circulated.

Fiona Kordiak invited the Audit Committee to consider the plans to address the issues arising from audit quality monitoring, some of which were routine and were already being addressed in the medium and longer term to deal with key policy issues around methodology, improved training on both technical and soft skills and improved resource planning.

Fraser McKinlay advised of ongoing discussions with the Accounts Commission on Best Value audit work and the commitment that all audits are ISA compliant. The Chair asked whether this was simply another checklist and Fraser highlighted the benefits of providing evidence in case of complaints on our work and helping with one organisation working. Fiona Kordiak advised the Committee we are at the leading edge in adopting the approach.

The Chair asked if there were any big surprises from the reviews and Fiona Kordiak advised the findings were consistent with some of the issues previously identified as part of Audit Scotland's review of the first year of the new approach to best value audit and in year one of the new audit appointments and provided a good direction on financial audits. Fraser advised the 54% positive result reported for personal development was lower than expected and might reflect the ability to take the time for training and development as opposed to the quality of training available and that the results were being discussed with teams.

The Audit Committee noted the report.

15. **Audit quality annual report**

The Assistant Director, Appointments and Assurance introduced the 2018 annual audit quality report, which had been previously circulated.

The Audit Committee welcomed the assurance provided in this and the accompanying reports on quality and acknowledged the work by the Appointments and Assurance team in developing and delivering this level of assurance.

Graham Sharp informed the members that the report had many uses and that the Commission used it in their annual reporting. Graham asked that future reports consider how sector information could be presented. He recognised the annual report in its current form was produced primarily for the Audit Committee and Board of Audit Scotland but would welcome more information on best value audits and data relating to sectors. Graham commented that the Appointments and Assurance Team need to ensure that they have the resources to cover additional work as well as their usual tasks.

The Audit Committee noted the report.

Action 63AC: The Appointments and Assurance team to update the wording in the audit quality report and to note the additional reporting for future years. (June 2018)

Elaine Boyd, Owen Smith, John Gilchrist, Fiona Daley and Fiona Kordiak, left the meeting.

16. **2017/18 annual report on information governance and security**

The Corporate Governance Manager introduced the 2017/18 annual report on information governance and security, which had been previously circulated.

Alex Devlin advised members of the continuing focus on basic training and monitoring around the meta data for records which forms part of this year's programme of moving to the Cloud with developments around the ease of labelling records to streamline the process. The Chair requested the Committee be kept informed in terms of risks.

The Audit Committee noted the report.

17. **2017/18 annual report on the register of hospitality and gifts**

The Corporate Governance Manager introduced the 2017/18 annual report on the register of hospitality and gifts, which had been previously circulated.

The Committee members considered the report and discussed events and gifts which require to be recorded on the register.

Following discussion, the Audit Committee noted the report.

18. **2017/18 annual report on bribery and fraud**

The Corporate Governance Manager introduced the 2017/18 annual report on bribery and fraud, which had been previously circulated.

The Chair queried the statement that there are no risks to Audit Scotland under the National fraud initiative. Alex Devlin clarified there were no frauds to be reported.

The Audit Committee noted the report.

19. 2017/18 annual report on whistleblowing

The Corporate Governance Manager introduced the 2017/18 annual report on whistleblowing, which had been previously circulated.

Alex Devlin advised the Committee that Audit Scotland would be reinstated as a prescribed person under whistleblowing legislation with effect from 1 August 2018.

The Audit Committee noted the report.

20. 2017/18 annual report on data incidents

The Corporate Governance Manager introduced the 2017/18 annual report on data incidents, which had been previously circulated.

Alex Devlin advised the Audit Committee that 60% of staff had completed the updated GDPR training, links to which had been re-sent to Audit Committee members with a deadline for completion of Friday 1 June 2018.

The Audit Committee noted the report.

21. 2017/18 annual report on correspondence and whistleblowing

Catherine Young, Correspondence Manager, joined the meeting.

The Correspondence Manager introduced the 2017/18 annual report on whistleblowing, which had been previously circulated.

The Chair welcomed Catherine Young, the newly appointed Correspondence Manager, to the meeting.

The Chair noted Russel Griggs' question about learning from correspondence. Fraser advised of the investment by Neil Cartlidge and Dorothy Lavery over the past few years to transform whistleblowing and correspondence management, by providing a direct point of contact and sharing the intelligence provided on governance, financial management of public money or other more common issues.

The Committee discussed how that could be built into audit quality and Fraser advised that it does by providing information on quality of service, responsiveness and engagement which can be shared with auditors to inform their audit work. Fraser advised that complaints received now are likely to be as a result of what Audit Scotland has reported and these are considered as part of the complaints process with the Corporate Governance Manager.

The Audit Committee noted the report.

Fraser McKinlay and Catherine Young left the meeting.

22. Review of Audit Committee effectiveness

There was submitted a report by the Assistant Director, Corporate Performance and Risk, on the review of the Audit Committee's effectiveness, which had been previously circulated.

The Chair invited members to note the two action points and the Committee noted the report.

23. Any other business

There were no items of other business

24. Review of meeting

The Chair of the Audit Committee invited members to comment on the standard of the papers submitted to them and on the meeting itself.

Members were satisfied with the papers and the meeting.

25. Date of next meeting

The next meeting will be held at 10.00am on 6 June 2018 in the offices of Audit Scotland, 102 West Port, Edinburgh.