

MINUTES OF THE AUDIT SCOTLAND BOARD
2012

Minutes of Meeting of **Audit Scotland** held in the offices of Audit Scotland, 110 George Street, Edinburgh on **Thursday, 26 January 2012** at the conclusion of the Audit Committee

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

APOLOGIES: None

IN ATTENDANCE: D McGiffen, Chief Operating Officer
R Frith, Assistant Auditor General
F McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement
Barbara Hurst, Director of Performance Audit
D Hanlon, Corporate Finance Manager
D Blattman, HR & OD Manager
C Gardner
Douglas Sinclair, Deputy Chair of the Accounts Commission

Item No Subject

1. Apologies
2. Declarations of Interest
3. Recruitment of Chief Operating Officer and Assistant Auditor General
4. Chair's Report
5. Minutes of the meeting of 24 November 2011
6. Matters arising from the minutes
7. Auditing Partnerships
8. Auditing Partnerships Update
9. Remuneration Committee's Terms of Reference
10. Records Management Policy
11. Future Developments in Auditing
12. Stakeholders Feedback: MSPs
13. Property Update
14. Accounts Commission Chair's Report
15. Accountable Officer's Report
16. Any other business
17. Date of Next Meeting

1. **Apologies**

There were no apologies.

2. **Declarations of Interest**

Russell Frith and Diane McGiffen had an interest in the item 3, and so were not present for that item.

3. **Recruitment of Chief Operating Officer and Assistant Auditor General**

David Blattman, HR & OD Manager, joined the meeting.

There was submitted a report by the Accountable Office on the Recruitment of the Chief Operating Officer and the Assistant Auditor General, which had been previously circulated.

This report contains confidential information and therefore a confidential minute has been prepared.

David Blattman, HR & OD Manager, left the meeting.

4. **Chair's Report**

Diane McGiffen, Chief Operating Officer and Russell Frith, Assistant Auditor General, joined the meeting.

The Board congratulated Diane McGiffen and Russell Frith on their appointment.

On behalf of the Board, the Chair congratulated the Auditor General on his award of a CBE in the New Year's Honours list.

The Chair provided an update on the Scottish Parliamentary Corporate Body's (SPCB) arrangements to recruit the Auditor General for Scotland and updated the Board on recent discussions with SPCB officials on the role of the Chair of Audit Scotland.

5. **Minutes**

The minutes of the meeting dated 24 November 2011 were submitted and approved as an accurate record.

6. **Matters Arising from the Minutes**

Connect Conferences (Item 3)

The Board welcomed the overview of the Connect Conference provided in the December *Abacus* newsletter article which had been circulated and which included qualitative and quantitative feedback from colleagues. The Chair reiterated the decision to hold a follow up all-staff conference as and when there is an appropriate need and agenda, rather than on a pre-set timetable.

Corporate Plan

The Chief Operating Officer reported that the Accounts Commission had noted the Audit Scotland Corporate plan for its interest at its December meeting, subject to some minor wording amendments.

Group Life Assurance Scheme

The Chief Operating Officer advised the Board that arrangements were underway to establish a separate bank account to support the Group Life Assurance Scheme.

7&8. Auditing Partnerships / Auditing Partnership Update

Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement, Barbara Hurst, Director of Performance Audit and Douglas Sinclair, Deputy Chair of the Accounts Commission and Caroline Gardner joined the meeting.

The Chair welcomed Audit Scotland colleagues, Caroline Gardner and Douglas Sinclair to the meeting and it was agreed that items 7 and 8 would be taken together.

The Chair introduced the items by setting out the Board's desire to have a wide-ranging discussion of the strategic and operational issues for Audit Scotland in supporting the Accounts Commission to respond effectively to the request from the Cabinet Secretary for Finance and Sustainable Growth to audit the outcomes of community planning partnerships. He commented on how valuable it was to have all those involved together for a discussion and emphasised the Board's desire to work to ensure the successful development and implementation of an appropriate response to the Cabinet Secretary's request.

The Auditor General set out the background to the review that Caroline Gardner had undertaken before her departure from Audit Scotland, and thanked Caroline for returning to provide a briefing for the Board. He highlighted the need for the Board to consider the developments in scrutiny arrangements for partnerships in the context of the recently approved Corporate Plan and the commitment to reducing the cost of audit.

Caroline Gardner tabled her presentation on strategic issues and opportunities in auditing Community Planning Partnerships and discussed with the Board the range of issues that should be clarified and resolved to ensure an effective approach to auditing partnership outcomes.

Caroline Gardner highlighted, in particular, the issues and options for Audit Scotland, the Accounts Commission and the Auditor General, including:

- Resourcing
- Expertise
- Reaching shared judgement and reporting arrangements
- Decision making
- Identifying interest and focus.

There was also submitted an update report by the Controller of Audit and Director of Performance Audit on Auditing Partnerships, which had been previously circulated.

The Controller of Audit and the Director of Performance Audit informed the Board of a number of developments in the audit and scrutiny of partnerships that had taken place since the Board's November meeting.

There was detailed discussion of the range of initiatives and developments taking place that impact on Community Planning Partnerships, including:

- The Public Audit Committee's inquiry into the role of Community Planning Partnerships and economic development
- The Local Government and Regeneration Committee's inquiry into public service reform
- The Scottish Government/Cosla review of community planning and single outcome agreements
- The integration of health and social care
- The reform of governance in further education
- Police and fire reform
- The future scrutiny arrangements for integrated children's services

The Chair of the Accounts Commission then introduced the Deputy Chair of the Accounts Commission, Douglas Sinclair, to the Board and explained that they had been given delegated authority by the Accounts Commission to respond to the Scottish Government's proposals on the role of scrutiny in Community Planning Partnerships.

The Chair of the Accounts Commission provided an update on his recent meeting with the Cabinet Secretary for Finance and Sustainable Growth and outlined the expectations that the Cabinet Secretary had for supporting improved outcomes by improving the effectiveness of Community Planning Partnerships. The Chair of the Accounts Commission set out his intention of writing to the Cabinet Secretary to clarify the commitments and undertakings given by both parties at the recent meeting.

There was discussion of recent correspondence between the Auditor General and the Chair and Deputy Chair of the Accounts Commission. The Auditor General had requested a meeting with the Accounts Commission to discuss the audit of Community Planning Partnerships.

The Chair of the Accounts Commission indicated that he and the Deputy Chair intended to discuss the matters raised by the Auditor General at the forthcoming Audit Partners meeting on 2 February 2012.

Following discussion, the Board stated its absolute commitment to ensuring the success of the project and to supporting the Accounts Commission in responding to the request from the Cabinet Secretary and asked that the Chair and Deputy Chair of the Accounts Commission communicate this strong intent to the next meeting of the Accounts Commission.

It was agreed that the Chair of the Accounts Commission and the Auditor General needed rapidly to make progress in agreeing:

- The project governance arrangements for the audit of Community Planning Partnerships, including the project sponsor, the project leader and the project board.
- The options for reporting the audit work and the statutory basis on which this would be done
- Arrangements for stakeholder engagement and communication strategies
- Arrangements to ensure effective joint working and decision taking on the project to maximise the chance for success and to streamline the process for Audit Scotland.

The Board stated its wish to remain regularly informed about the progress of the project, because of its significance for the reputation of all those involved in public audit, the capacity and resourcing issues for Audit Scotland, and the longer-term

potential implications on work programmes, structure and resourcing. The Board stated its desire for the Chair of the Accounts Commission to have full engagement with the Auditor General and the Board on decisions with an impact for Audit Scotland.

Following discussion, the Chair of the Accounts Commission agreed to reflect the Audit Scotland Board's interests in the letter to the Cabinet Secretary and to circulate the letter to the Board.

Action(s)

- ***The Chair of the Accounts Commission agreed to report back to the Accounts Commission at its next meeting the discussion at the Audit Scotland Board and in particular the Board's commitment to ensuring the success of the project.***
- ***The Chair of the Accounts Commission agreed to circulate to the Board his letter to the Cabinet Secretary and to reflect the Board's interests in the letter***
- ***The Chair of the Accounts Commission and the Auditor General for Scotland agreed to use the next Audit Partners meeting on 2 February 2012 to discuss and agree arrangements for project governance, stakeholder engagement and options for reporting on audits.***
- ***The Chair of Audit Scotland and the Chair of the Accounts Commission agreed to have a follow up meeting to consider further the issues raised in discussion.***

Fraser McKinlay, Director of Best Value and Scrutiny Improvement and Barbara Hurst, Director of Performance Audit Group and Douglas Sinclair, Deputy Chair of the Accounts Commission and Caroline Gardner left the meeting.

9. Remuneration Committee – Terms of Reference

There was submitted a report by the Chair of the Remuneration Committee on that Committee's Terms of Reference, which had been previously circulated.

It was agreed that the Terms of Reference should be reviewed finally to ensure consistency with the Audit Committee's terms of reference as considered at the earlier Audit Committee meeting. It was agreed that the Chief Operating Officer would inform the Board by email if any significant amendments were required and that review, the revised Terms of Reference were approved.

Action(s)

- ***The Chief Operating Officer to review the Terms of Reference.***

10. Records Management Policy

There was submitted a report by the Chief Operating Officer on Records Management Policy which had been previously circulated. The report set out the duties placed on Audit Scotland by the Public Records (Scotland) Act 2011 and confirmed that the proposed policy had been developed to respond to the requirements of the Act.

Following discussion, the Board approved the Records Management Policy.

Action(s)

- ***The Chief Operating Officer to publish the Records Management Policy.***

11. Future Developments in Auditing

There was submitted a report by the Assistant Auditor General on the Future Developments in Auditing, which had been previously circulated.

The Board noted the response submitted on proposals to reform the Financial Reporting Council.

It was agreed that future reports on developments in auditing should be presented through the Audit Committee.

Action(s)

- ***The Assistant Auditor General to submit reports in auditing development to the Audit Committee.***

12. Stakeholders Feedback: MSPs

There was submitted a report by the Chief Operating Officer on the results of a survey of MSPs carried out by Ipsos Mori, which had been previously circulated.

The Board welcomed and noted the report.

13. Property Update

The Chief Operating Officer introduced the Property Update report, which had been previously circulated.

The Board noted the report and welcomed the update.

14. Accounts Commission Chair's Report

There was submitted a report by the Chair of the Accounts Commission on his activities since the November meeting.

The Board noted the report.

15. Accountable Officer's Report

There was submitted a report by the Accountable Officer on his activities since the November meeting. The Board noted the report.

16. Any Other Business

16.1 Board dates 2012

The Chair advised members that the April meeting date would be rescheduled.

17. Date of the next meeting

It was noted that the next Audit Scotland Board meeting would be held on **Thursday, 23 February 2012** at 10.00hrs. The meeting will take place in the offices of Audit Scotland, 110 George Street, Edinburgh.

Minutes of Meeting of **Audit Scotland** held in the offices of Audit Scotland, 110 George Street, Edinburgh on **Thursday, 23 February 2012** at 10.00hrs.

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

APOLOGIES: None

IN ATTENDANCE: D McGiffen, Chief Operating Officer
R Frith, Assistant Auditor General
F McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement
B Hurst, Director of Performance Audit
James Gillies, Communications Manager
Simon Ebbett, Communications Officer
Bruce Stoddart, Web Publications Officer
D Hanlon, Corporate Finance Manager

<u>Item No</u>	<u>Subject</u>
1	Apologies
2	Declarations of Interest
3	Chair's Report
4	Minutes of the meeting of 26 January 2012
5	Matters arising from the minutes
6	The Audit of Community Planning Partnerships
7	Audit Scotland's Annual Report
8	Scottish Commission for Public Audit - Visit
9	Standing Orders Annual Review 2011/12
10	Performance & Financial Update – Quarter Three 2011/12
11	Review of Audit Work
12	Queen's Diamond Jubilee Bank Holiday
13	Accounts Commission Chair's Report
14.	Accountable Officer's Report
15.	Any other business
16.	Date of Next Meeting

1. **Apologies**

There were no apologies.

2. **Declarations of Interest**

There were no declarations of interest.

3. **Chair's Report**

The Chair gave a verbal update on his activities since the previous meeting, including a visit to potential new premises with the Chief Operating Officer. He outlined the process for appraising non-executive Board members during March, and indicated that he would be attending the Scottish Public Sector Leaders' Forum conference, chaired by Sir Peter Housden, on 2 March.

4. **Minutes**

The minutes of the meeting dated 26 January 2011 were submitted and approved as an accurate record.

5. **Matters Arising from the Minutes**

Auditing Partnerships Update (Item 8)

The Chair of the Accounts Commission confirmed that the Accounts Commission had discussed the Audit Scotland Board's general support for the work on auditing community planning partnerships. He also confirmed that he had distributed to Accounts Commission members the exchange of letters on community planning partnerships between himself and the Auditor General. He advised the Board that the delegated authority given by the Accounts Commission to him and the Deputy Chair of the Accounts Commission had been re-confirmed.

It was noted that the Chair of the Accounts Commission had circulated to the Board his letter to the Cabinet Secretary for Finance, Employment and Sustainable Growth. The Chair of the Accounts Commission tabled the reply that he had received to that letter.

The Board noted that the Chair of the Accounts Commission and the Auditor General had met in the Audit Partners meeting on 2 February 2012 and agreed governance arrangements for the auditing partnerships project and that an update would be provided in detail at item 6.

Remuneration Committee (Item 9)

The Chief Operating Officer reported that further discussions had taken place on the Terms of Reference which would result in a further revision to the Standing Orders presented at item 9 for approval.

Records Management Policy (Item 10)

The Chief Operating Officer confirmed that the Records Management Policy had been published on the Audit Scotland website.

Future Development in Auditing (Item 11)

It was noted that papers on audit developments would be presented through the Audit Committee in future.

6. The Audit of Community Planning Partnerships

Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement and Barbara Hurst, Director of Performance Audit, joined the meeting.

There was submitted a report by the Controller of Audit and Director of Best Value and Scrutiny Improvement giving an update on the Audit of Community Planning Partnerships, which had been previously circulated.

The Controller of Audit tabled a diagram illustrating the proposed governance arrangements for the project and highlighting

- the Accounts Commission's role as project sponsor;
- that the Audit Partners group would be the Project Steering Group, chaired by the Chair of the Accounts Commission and would be where key decisions were taken; and
- that a Project Delivery Group drawn from Audit Scotland staff would be undertaking all the development work.

The Board noted the role of the Scrutiny Strategic Group, which is chaired by the Chair of the Accounts Commission and includes those involved in local government scrutiny and would now be enhanced to include representatives from the health sector and the Director of Performance Audit. It was noted that that enhanced group would form a Project Advisory Board. It was confirmed that the Controller of Audit was the Audit Scotland Management Team lead, and the programme manager was an Assistant Director of Best Value and Scrutiny Improvement.

The Board discussed the roles and remits of each group, and the Controller of Audit confirmed that these would be discussed and agreed at the first Project Steering Group meeting, due to take place on 9 March 2012. The Board stressed the importance of clear roles and responsibilities.

The Board also discussed resource issues and pressures and noted that resourcing the development work involved rescheduling other internal priorities across Audit Scotland. It was noted that longer-term resourcing for the work could not be resolved until the development work had been undertaken, but that it would involve significant discussion of the existing work programmes, in particular around best value auditing in local government. The Controller of Audit indicated that there should be further discussion of resourcing around the end of June. It was noted that there would be a need to consider stakeholder expectations alongside discussion of resourcing options for the work.

There was discussion of various reporting models for the work, and it was noted that work was underway to seek a legal view of the competence of reporting on the audit of partnerships under the collective reporting powers of the Accounts Commission, the Controller of Audit, the Auditor General and Audit Scotland. A further update would be available at the March board meeting.

The Auditor General requested that he meet with the Accounts Commission to discuss the audit of partnerships at the Accounts Commissions next meeting. The Chair of the Accounts Commission said that he would consider the request alongside the other business that the Accounts Commission had scheduled for that meeting, but that in any event he wished to invite the Auditor General and the Chair of Audit Scotland to attend the Accounts Commission's strategy seminar in April. The Auditor General and the Chair welcomed the invitation. The Chair of the Accounts Commission agreed to put the Auditor General's request to Accounts Commission members by email.

Action(s)

- Project roles and remits to be agreed at the first Project Steering Group meeting in March
- The Controller of Audit to present a report on resourcing in June
- The Controller of Audit to provide an update on reporting issues to the March Board meeting.
- The Chair of the Accounts Commission to put the Auditor General's request to attend the Accounts Commission meeting in March to Accounts Commission members by email.

Fraser McKinlay, Director of Best Value and Scrutiny Improvement and Barbara Hurst, Director of Performance Audit, left the meeting.

7. Audit Scotland's Annual Report

James Gillies, Communications Manager, Simon Ebbett, Communications Officer and Bruce Stoddart, Web Publications Officer, joined the meeting.

There was submitted a report by the Chief Operating Officer on Audit Scotland's Annual Report, which had been previously circulated.

The Communications Manager introduced the proposed themes of the Annual Report and the Web Publications Officer tabled examples of pages layouts.

Following discussion, the Board thanked the team for their presentation and for the initiative of bringing the design in-house to contribute to savings and approved the timetable and themes in the report.

James Gillies, Communications Manager, Simon Ebbett, Communications Officer and Bruce Stoddart, Web Publications Officer, left the meeting.

8. Scottish Commission for Public Audit - Visit

There was submitted a report by the Chief Operating Officer on the Scottish Commission for Public Audit Visit, which had been previously circulated.

The Auditor General provided an update on the arrangements for the visit of the Public Audit Committee and it was agreed that the Chief Operating Officer would prepare an outline agenda for the Chair and that the Board would convene at 10am on the 13 March 2012 prior to the visit.

Action(s)

- ***The Chief Operating Officer to prepare a draft agenda for the Chair***
- ***The Board to meet at 10am on 13 March 2012.***

9. Standing Orders Annual Review 2011/12

There was submitted a report by the Chief Operating Officer on the Standing Orders Annual Review 2011/12, which had been previously circulated.

Following discussion, it was agreed to approve the Standing Orders, subject to further amendments to the Terms of Reference section and that the revised Standing Orders would be circulated by email by 2 March 2012 for final comment.

Action(s)

- ***The Chief Operating Officer to circulate by email revised Standing Orders by 2 March 2012 for final comment.***

10. Performance & Financial Update – Quarter Three 2011/12

David Hanlon, Corporate Finance Manager, joined the meeting

There was submitted a report by the Chief Operating Officer, which summarised the performance and financial monitoring information for the third quarter of the financial year, October to December 2011.

Following discussion, the Board noted the financial position to the end of December 2011 and thanked the Finance Manager for his comprehensive report.

David Hanlon left the meeting

11. Review of Audit Work

There was submitted a report by the Assistant Auditor General on the Review of Audit Work, which had been previously circulated.

Following discussion, the Board noted the review of audit work and its findings.

12. Queen’s Diamond Jubilee Bank Holiday

There was submitted a report by the Chief Operating Officer on the additional public holiday on the Queen’s Diamond Jubilee, which had been previously circulated.

Following discussion, the Board approved an additional fixed public holiday on Tuesday 5 June 2012.

Action(s)

- ***The Chief Operating Officer to advise colleagues of the additional fixed public holiday on Tuesday, 5 June 2012.***

13. Accounts Commission Chair's Report

There was submitted a report by the Chair of the Accounts Commission on his activities since the January meeting.

The Board noted the report.

14. Accountable Officer's Report

There was submitted a report by the Accountable Officer on his activities since the January meeting.

The Board noted the report.

15. Any Other Business

There was discussion of the Controller of Audit role. The Board emphasised the need for the Accounts Commission resolving the permanent appointment to this key role and there was discussion of the options available to the Accounts Commission. The Board agreed that the Chief Operating Officer should liaise with the Chair of the Accounts Commission to consider further the role and responsibilities of the Controller of Audit and report back to the Board over the next six months. The Chair of the Accounts Commission welcomed the constructive discussion with the Board and agreed to engage with Commission members on the suggested arrangements to progress with a permanent appointment.

Actions(s)

The Chief Operating Officer to liaise with the Chair of the Accounts Commission to consider further the role of the Controller of Audit and report back to the Board over the next six months.

The Chair of the Accounts Commission to engage with Accounts Commission members on the suggested arrangements to progress with a permanent appointment.

16. Date of the next meeting

It was noted that the next Audit Scotland Board meeting would be held on **Thursday, 22 March 2012 at 10.00hrs**. The meeting will take place in the offices of Audit Scotland, 110 George Street, Edinburgh.

Minutes of Meeting of **Audit Scotland** held in the offices of Audit Scotland, 110 George Street, Edinburgh on **Thursday, 22 March 2012** at the conclusion of the Remuneration Committee.

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

APOLOGIES: None

IN ATTENDANCE: D McGiffen, Chief Operating Officer
R Frith, Assistant Auditor General
F McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement
L Bradley, Director of Corporate Programmes
D Hanlon, Corporate Finance Manager

Item No **Subject**

- 1 Apologies
- 2 Declarations of Interest
- 3 Chair's Report
- 4 Minutes of the meeting of 23 February 2012
- 5 Matters arising from the minutes
- 6 2012/13 Budget
- 7 Staff Code of Conduct
- 8 Information Security Policy
- 9 The Audit of Community Planning Partnerships
- 10 Best Companies Survey Results
- 11 Anti Bribery Policies
- 12 Accounts Commission Chair's Report
- 13 Accountable Officer's Report
- 14 Any other business
- 15 Date of Next Meeting

1. **Apologies**

There were no apologies.

2. **Declarations of Interest**

There were no declarations of interest.

3. **Chair's Report**

The Chair gave a verbal update on his activities since the previous meeting, including the recent visits to Audit Scotland by the Parliament Audit Committee and Scottish Commission for Public Audit visits on 7 and 13 March respectively. The Chair thanked all those involved for their contributions to the SCPA visit.

The Chair reported that the appraisals of non-executive board members were now complete and had provided a useful opportunity to reflect with board members on the past year and the challenges to come.

The Chair also reported on his attendance at the Best Companies results briefing with PCS members and senior staff at Audit Scotland.

The Chair reported on his recent attendance at the Scottish Leaders' Forum and recommended that Audit Scotland be represented at that Forum at an executive level.

4. **Minutes**

The minutes of the meeting dated 23 February 2011 were submitted and approved as an accurate record.

5. **Matters Arising from the Minutes**

The Audit of Community Planning Partnerships (Item 6)

It was noted that the Director of Best Value and Scrutiny Improvement would update on these matters at item 9.

Scottish Commission for Public Audit (Item 8)

It was noted that this action had been completed.

Standing Orders

It was noted that the revised Standing Orders had been circulated.

Queen's Diamond Jubilee Bank Holiday

The Chief Operating Office confirmed that colleagues had been advised of the additional fixed public holiday on 5 June 2012.

Any other business

It was noted that an update on the role of the Controller of Audit would be scheduled for the September Board meeting.

6. 2012/13 Budget

David Hanlon, Corporate Finance Manager joined the meeting.

There was submitted a report by the Chief Operating Office on the proposed budget for 2012/13, which had been previously circulated.

Following discussion, the Board noted the establishment and vacancy levels, the options for committing unallocated budget reserves towards fee reductions in the autumn and the level of interest in the VERA scheme.

The Board approved the proposed 2012/13 budget.

David Hanlon, Corporate Finance Manager left the meeting.

7. Staff Code of Conduct

There was submitted a report by the Chief Operating Office on the Staff Code of Conduct (the Code) review, which had been previously circulated.

Following discussion, it was agreed that the Code should include a section on personal relationships between colleagues, and subject to that addition, the Code was approved.

There was a discussion on the timetable for staff signing the revised Code.

The Board noted the arrangements and timescale for reviewing the Code for Board members.

Action(s)

- ***The Chief Operating Officer to amend the Staff Code of Conduct to include a section on personal relationships between colleagues.***

8. Information Security Policy

Lynn Bradley, Director of Corporate Programmes joined the meeting.

There was submitted a report by the Director of Corporate Programmes on the Information Security Policy, which had been previously circulated.

The Board welcomed the clarity and scope of the Information Security Policy. The Director of Corporate Programmes explained the relationship between the policy and other security standards being adopted by Audit Scotland, including ITIL.

The Board noted that the policy applied to board members and therefore had implications for the distribution and storage of electronic and paper files. It was agreed that a briefing note would be prepared for Board members to highlight the main action that would be required.

Following discussion, the Board approved the Information Security Policy.

Action(s)

- *The Director of Corporate Programmes to issue the Information Security Policy to all staff*
- *The Director of Corporate Programmes to prepare a briefing on the main issues for Board members by May 2012.*

Lynn Bradley, Director of Corporate Programmes left the meeting.

9. **The Audit of Community Planning Partnerships**

Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement joined the meeting.

There was submitted a report by the Controller of Audit and Director of Best Value and Scrutiny Improvement giving an update on the Audit of Community Planning Partnerships, which had been previously circulated.

The Director of Best Value and Scrutiny Improvement drew attention to an error in section 2 of the report circulated. He advised that the first bullet point should be:

“The extent to which the Partnership has a clear vision for its area”.

Following discussion of the engagement of stakeholders, and confirmation that the Project Delivery Group is led by Antony Clark, Assistant Director of Best Value and Scrutiny Improvement, the Board noted the progress made in clarifying roles and responsibilities.

Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement left the meeting.

10. **Best Companies Survey Results**

There was submitted a report by the Chief Operating Officer, on the Best Companies Staff Survey Results, which had been previously circulated.

Following discussion of the changes since the previous year’s results, the Board welcomed the results of the survey and noted the report.

11. **Anti Bribery Policies**

There was submitted a report by the Chief Operating Officer on the Anti-Bribery Policies, which had been previously circulated.

Following discussion, the Board noted the anti-bribery work underway and that the adoption of the new Staff Code of Conduct would strengthen the assurances available in this area.

12. **Accounts Commission Chair’s Report**

There was submitted a report by the Chair of the Accounts Commission on his activities since the February meeting.

The Board noted the report.

13. **Accountable Officer’s Report**

There was submitted a report by the Accountable Officer on his activities since the February meeting. The Board noted the report.

14. Any Other Business

There was no other business.

15. Date of the next meeting

It was noted that the next Audit Scotland Board meeting would be held on **Thursday, 26 April 2012** at the conclusion of the Audit Committee. The meeting will take place in the offices of Audit Scotland, 110 George Street, Edinburgh.

Minutes of Meeting of **Audit Scotland** held in the offices of Audit Scotland, 110 George Street, Edinburgh on **Thursday, 26 April 2012** at the conclusion of the Audit Committee.

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

APOLOGIES: None

IN ATTENDANCE: D McGiffen, Chief Operating Officer
R Frith, Assistant Auditor General
F McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement
D Hanlon, Corporate Finance Manager
D McConnell, Assistant Director in Audit Services

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Declarations of Interest
3.	Chair's Report
4.	Minutes of the meeting of 22 March 2012
5.	Matters arising from the minutes
6.	2012 Voluntary Early Release Arrangement (VERA)
7.	West of Scotland office
8.	Annual Review of Financial Regulations and Scheme of Delegation
9.	Draft Public Audit (Wales) Bill
10.	Accounts Commission Chair's Report
11.	Accountable Officer's Report
12.	The Audit of Community Planning Partnerships
13.	Accounts Commission Strategy Seminar (April 2012)
14.	Any other business
15.	Date of Next Meeting

1. **Apologies**

There were no apologies.

2. **Declarations of Interest**

There were no declarations of interest.

3. **Chair's Report**

The Chair gave a verbal update on his activities since the March meeting, including attending the Accounts Commission Strategy Seminar, meeting with Scottish Commission for Public Audit and meeting with Caroline Gardner.

4. **Minutes**

The minutes of the meeting dated 22 March 2012 were submitted and approved as an accurate record.

5. **Matters Arising from the Minutes**

Staff Code of Conduct (Item 7)

The Chief Operating Officer confirmed that the Staff Code of Conduct had been amended to include a section on personal relationships between colleagues.

Information Security Policy (Item 8)

The Chief Operating Officer confirmed that the Director of Corporate Programmes would issue the Policy to colleagues and prepare a briefing on the main issues for Board members in May 2012.

6. **2012 Voluntary Early Release Arrangement (VERA)**

David Hanlon, Corporate Finance Manager joined the meeting.

There was submitted a confidential report by the Chief Operating Officer on the 2012 VERA scheme. Following discussion, the Board noted the agreements that had been reached for Voluntary Early Release during 2012 and noted the contribution the scheme was making to reshaping the business and reducing the cost of audit.

7. **West of Scotland Office**

David McConnell, Assistant Director in Audit Services, joined the meeting

There was submitted a report by the Chief Operating Officer on the West of Scotland Office, which had been previously circulated.

Following discussion, the Board examined and noted the contents of the report, the options available and the financial and business benefits of relocating the West of

Scotland office. The Chief Operating Officer confirmed that supporting papers considered by Management Team could be provided to Board members.

The Board considered the costing assumptions set out in Appendix 2 of the report and noted that Management Team would work to deliver fit-out and furnishing costs of the project within budget.

The Board also noted that Audit Services Group's management and HR would work to ensure that all staffing implications for the planned move to the central Glasgow location would be properly addressed in accordance with the relevant HR policies.

The Board approved signing a ten year lease for an office at 8 Nelson Mandela Place, Glasgow conditional on final agreement of the legal documentation and the receipt of statutory building consents.

Action(s)

- **The Accountable Officer and Chief Operating Officer to sign a ten year lease, subject to final legal agreement and statutory building consents.**

David McConnell, Assistant Director in Audit Services and David Hanlon, Corporate Finance Manager left the meeting.

8. Annual Review of Financial Regulations and Scheme of Delegation

There was submitted a report by the Chief Operating Officer on the Annual Review of the Financial Regulations and Scheme of Delegation, which had been previously circulated.

Following discussion, the Board approved the Financial Regulations and Scheme of Delegation.

Action(s)

- **The Chief Operating Officer to make the proposed changes and circulate the new regulations and scheme.**

9. Draft Public Audit (Wales) Bill

There was submitted a report by the Assistant Auditor General on the Draft Public Audit (Wales) Bill, which had been previously circulated.

Following discussion, the Board noted the proposals in the Draft Public Audit (Wales) Bill.

10. Accounts Commission Chair's Report

There was submitted a report by the Chair of the Accounts Commission on his activities since the March meeting.

The Chair also provided a brief update on the Accounts Commission's Strategy Seminar which had taken place in April.

The Chair also highlighted the Commission's arrangements for further consideration of reporting on the Community Planning Partnership's audit, which should take place over the next few weeks.

The Board noted the report.

11. Accountable Officer's Report

There was submitted a report by the Accountable Officer on his activities since the March meeting. The Board noted the report.

12. The Audit of Community Planning Partnerships

Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement (BVSI) joined the meeting.

The Controller of Audit gave a verbal update to the Board on the recent progress

In developing audit arrangements for Community Planning Partnership, the Board noted the Accounts Commission's ongoing consideration of reporting issues.

Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement (BVSI) left the meeting.

13. Accounts Commission's Strategy Seminar (April 2012)

This item was covered under item 10.

14. Any Other Business

There was no other business.

15. Date of the next meeting

It was noted that the next Audit Scotland Board meeting would be held on **Thursday, 24 May 2012** at 10.00hrs. The meeting will take place in the offices of Audit Scotland, 110 George Street, Edinburgh.

Minutes of Meeting of **Audit Scotland** held in the offices of Audit Scotland, 110 George Street, Edinburgh on **Friday, 8 June 2012** at the conclusion of the Audit Committee.

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

APOLOGIES: None

IN ATTENDANCE: D McGiffen, Chief Operating Officer
R Frith, Assistant Auditor General
F McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement
D Hanlon, Corporate Finance Manager
D McConnell, Assistant Director in Audit Services
P Lodge, International Liaison Manager
M McCabe, Project Manager, Best Value and Scrutiny Improvement

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Declarations of Interest
3.	Chair's Report
4.	Minutes of the meeting of 26 April 2012
5.	Matters arising from the minutes
6.	Annual Report from the Audit Committee 2011-12
7.	Draft Statutory Accounts
8.	Audit Scotland's Annual Report 2011-12
9.	Carbon Scrutiny Board Annual Report 2011-12
10.	Annual report on Working with Other Countries 2011-12
11.	Annual Report on the Single Equality Scheme 2011-12
12.	Risk Management Policy & Strategy
13.	Corporate Quality Framework Update
14.	Performance Update – Quarter Four
15.	The Audit of Community Planning Partnerships
16.	Accounts Commission Chair's Report
17.	Accountable Officer's Report
18.	AOB
19.	Date of next meeting

1. **Apologies**

There were no apologies.

2. **Declarations of Interest**

There were no declarations of interest.

3. **Chair's Report – Verbal Update**

The Chair gave a verbal update on his activities since the 26 April meeting, including discussions with colleagues at Audit Scotland and with the Scottish Parliament.

4. **Minutes**

The minutes of the meeting dated 26 April 2012 were submitted and approved as an accurate record.

5. **Matters Arising from the Minutes**

West of Scotland (Item 7)

The Chief Operating Officer confirmed that lawyers were still seeking agreement on the property leases with the landlords and so the lease had not yet been signed. Work was underway to let contracts for fitting out the building and building warrant approval was still being sought.

Annual Review of Financial Regulations and Scheme of Delegations (Item 8)

The Chief Operating Officer confirmed that the changes had been made on the new regulations and the scheme had been published.

Date of next meeting (Item 15)

It was noted and recorded that the May Board meeting had been cancelled.

6. **Annual Report for the Audit Committee – 2011-12**

The Chair of the Audit Committee submitted the Annual Report from the Audit Committee – 2011-12, which had been previously circulated and considered at the earlier Audit Committee meeting.

The Board welcomed the report and noted that on the basis of the work reviewed and progress made during 2011-12, the Audit Committee advised the Board that, in its opinion, there were adequate internal control systems in place at Audit Scotland.

The Board noted the report.

7. **Draft Statutory Accounts**

The Chair of the Audit Committee reported that the Audit Committee had met earlier in the day and had considered, in detail, the Draft Statutory Accounts for 2011-12. The Board agreed to accept the recommendation of the Audit Committee to approve the Draft Statutory Accounts. The Board authorised the signing of the accounts.

Action(s)

- **The Chief Operating Officer to organise the signing of the accounts.**

8. Audit Scotland's Annual Report 2011-12

The Chief Operating Officer submitted a draft of Audit Scotland's Annual Report 2011-12, which had been previously circulated. The Board approved the Annual Report for publication.

Action(s)

- **The Chief Operating Officer to arrange the publication of the Audit Scotland's Annual Report 2011-12.**

9. Carbon Scrutiny Board Annual Report 2011-12

Mark McCabe, Project Manager, Best Value and Scrutiny Improvement joined the meeting.

There was submitted an Annual Report by the Carbon Scrutiny Board at Audit Scotland, which had been previously circulated.

The Board noted the progress made in reducing CO₂ emissions at Audit Scotland and also the continuing caveats around some aspects of data collection. The Board discussed the forward work programme of the group and welcomed the approach being taken.

Following discussion, the Board approved the Carbon Scrutiny Board Annual Report 2011-12 for publication.

Action(s)

- **The Carbon Scrutiny Board to publish their Annual Report 2011-12.**

Mark McCabe, Project Manager, Best Value and Scrutiny Improvement left the meeting.

10. Annual Report on Working with Other Countries 2011-12

David McConnell, Chair of the International Steering Group and Peter Lodge, International Liaison Manager joined the meeting

There was submitted an Annual Report on Working with Other Countries 2011-12 by the Chair of the International Steering Group, which had been previously circulated.

Following discussion, the Board noted the highlights set out in the report and it was agreed that the strategy for working with other countries would be reviewed by December 2012. It was noted that the forthcoming Board discussion on Risk Appetite would help to inform the revision of the strategy for international work.

The Board noted the range and interests of international visitors in the work of Audit Scotland.

Action(s)

- **The Chair of the International Steering Group to review the strategy for working with other countries and prepare a report to the Board in January 2013.**
- **The Chair of the International Steering Group to publish the Annual report on working with other countries on the Audit Scotland website**

David McConnell, Chair of the International Steering Group and Peter Lodge, International Liaison Manager left the meeting

11. Annual Report on Single Equality Scheme 2011-12

The Chief Operating Officer introduced the report, which had been previously circulated, on behalf of the Chair of the Diversity and Equality Steering Group. The Chief Operating Officer highlighted the work undertaken by the Group during 2011-12.

The Board welcomed the coverage and analysis in the report.

Action(s)

- **The Chair of the Diversity and Equality Steering Group to publish the report on the Audit Scotland website.**

12. Risk Management Policy & Strategy

There was submitted a report by the Assistant Auditor General on the Risk Management Policy & Strategy, which had been previously circulated.

Following discussion, the Board approved the updated Risk Management Policy & Strategy and it was agreed that a discussion on risk appetite should be scheduled for the August meeting of the Board.

Action(s)

- **The Assistant Auditor General to prepare a discussion paper on risk appetite for the August Board meeting.**

13. Corporate Quality Framework

There was submitted a report by the Assistant Auditor General on the Corporate Quality Framework, which had been previously circulated.

The Assistant Auditor General advised the Board that it had been considered by the Audit Committee at its meeting on 26 April 2012.

Following discussion, the Board approved the updated Corporate Quality Framework.

14. Performance Update – Quarter Four 2011-12

There was submitted a report by the Chief Operating Officer on performance for quarter four 2011-12, which had been previously circulated.

Following discussion, the Board noted the performance in quarter four and the cumulative end of year performance for 2011-12.

15. The Audit of Community Planning Partnerships

Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement (BVSI) joined the meeting.

There was submitted a report by the Controller of Audit and Director of Best Value and Scrutiny Improvement on the Audit of Community Planning Partnerships, which had been previously circulated.

Following discussion, the Board noted progress on this project.

Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement (BVSI) left the meeting.

16. Accounts Commission Chair's Report

There was submitted a report by the Chair of the Accounts Commission on his activities since the April meeting.

Following discussion, the Board noted the update from the Chair of the Accounts Commission.

17. Accountable Officer's Report

There was submitted a report by the Accountable Officer on his activities since the April meeting.

In introducing the report the Accountable Officer thanked the Board for its support and guidance during his time as Accountable Officer and Auditor General for Scotland. The Board noted the report and the Chair concluded by thanking the Auditor General for his outstanding contribution to the creation of the Scottish Public Audit model and to Audit Scotland.

18. Any Other Business

There was no other business.

19. Date of the next meeting

It was noted that the next Audit Scotland Board meeting scheduled for **Thursday, 16 August 2012** would be rescheduled.¹

Action(s)

- **The Chief Operating Officer to identify another suitable date for the meeting.**
-

¹The August Board subsequently reverted back to the 16 August 2012

Minutes of Meeting of **Audit Scotland** held in the offices of Audit Scotland, 110 George Street, Edinburgh on **Thursday, 16 August 2012** at the conclusion of the Remuneration Committee.

PRESENT: R Cleland (Chair)
J Baillie
K Bryan
C Gardner
J Maclean

APOLOGIES: None

IN ATTENDANCE: D McGiffen, Chief Operating Officer
R Frith, Assistant Auditor General
F McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement
L Bradley, Director of Corporate Programmes
M Walker, Assistant Director, Best Value & Scrutiny Improvement
D Hanlon, Corporate Finance Manager

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Declarations of Interest
3.	Chair's Report
4.	Minutes of the meeting of 8 June 2012
5.	Matters arising from the minutes
6.	Auditor General for Scotland
7.	Appointment of Accountable Officer
8.	Risk Appetite
9.	Auditing Community Planning Partnership
10.	2012/13 Autumn Budget Revision
11.	Audit Scotland Budget 2013-14
12.	Knowledge Management Project Update
13.	Review of Remuneration Committee Performance & Priorities
14.	2013 Proposed Meeting Dates
15.	Accounts Commission Chair's Report
16.	AOB
17.	Date of next meeting

1. **Apologies**

There were no apologies.

2. **Declarations of Interest**

There were no declarations of interest.

3. **Chair's Report – Verbal Update**

The Chair welcomed Caroline Gardner to the Board and gave a verbal update on his activities since the previous meeting on 8 June 2012 meeting.

4. **Minutes**

The minutes of the meeting dated 8 June 2012 were submitted and approved as an accurate record.

5. **Matters Arising from the Minutes**

Draft Statutory Accounts (Item 7)

The Corporate Finance Manager confirmed that the signing of Audit Scotland's Report and Accounts for 2012-13 had taken place on 12 June 2012, by the Auditor General for Scotland and Andy McBean, Alexander Sloan.

Audit Scotland's Annual Report (Item 8)

The Chief Operating Officer confirmed that Audit Scotland's Annual Report had been published on 19 June 2012.

Carbon Scrutiny Board Annual Report 2011-12 (Item 9)

The Chief Operating Officer confirmed that the Carbon Scrutiny Board Annual Report 2011-12 had been published.

Annual Report on Working with Other Countries 2011-12 (Item 10)

The Chief Operating Officer confirmed that the Annual Report on Working with Other Countries 2011-12 had been published.

Annual Report on Single Equality Scheme 2011-12 (Item 12)

The Chief Operating Officer confirmed that the Annual Report on Single Equality Scheme 2011-12 had been published.

Risk Management Policy & Strategy (Item 12)

This item was discussed at Item 8

Date of Next meeting (Item 19)

The Chief Operating Officer confirmed that after consultation with Board members the August Board meeting subsequently reverted to 16 August 2012.

Other matters arising from the minutes

The Chief Operating Officer confirmed that Audit Scotland's lawyers had now reached an agreement on the missives for the West of Scotland office, subject to satisfactory conclusion of work on the heating and ventilation services.

The delay in signing the lease did not alter the scheduled occupancy of the building. The Chief Operating Officer confirmed that tenders for fit out works were being evaluated and a tender report would be available in early September.

6. Auditor General for Scotland

Caroline Gardner, Auditor General for Scotland, thanked the Board for their kind messages following her appointment as Auditor General and on joining the Audit Scotland Board. She provided a briefing on her first few weeks in post, and on her discussions with colleagues at Audit Scotland on putting audit at the heart of all Audit Scotland's work, on strengthening the quality and impact of Audit Scotland's work and on the importance of working as one organisation. She outlined recent and forthcoming meetings with external stakeholders and of forthcoming meetings once the parliamentary session starts.

The Board thanked the Auditor General for her briefing and it was agreed that some of the themes should be discussed further at a strategy session for the Board to be organised for the autumn.

Action(s):

- ***The Auditor General and Chief Operating Officer to arrange a strategy session for the Board.***

7. Appointment of Accountable Officer

Following a verbal update by the Assistant Auditor General, the Board noted that the Scottish Commission for Public Audit (SCPA) had appointed the Auditor General to be the Accountable Officer for Audit Scotland and that a copy of the letter of appointment would be circulated to the Board once it had been finalised by the Secretary to the SCPA.

Action(s)

- ***The Chief Operating Officer to circulate the appointment letter for the Accountable Officer once it has been finalised.***

8. Risk Appetite

There was a submitted a report by the Assistant Auditor General on Risk Appetite, which had been previously circulated.

Following discussion, the Board agreed that it was useful to consider the extent to which an organisation such as Audit Scotland, which requires a reputation for independence, objectivity and quality could have a risk appetite that is anything other than cautious, but that they would welcome further discussion informed by discussion within the business any stakeholder feedback on whether the current understanding of the existing appetite for risk helped or hindered achievement of corporate objectives. The Board agreed that this discussion should take place through existing forums that the Board would reflect again on the topic at its strategy session in the autumn.

Action(s)

- ***The Board to discuss risk appetite further at its strategy session in the autumn.***

9. Auditing Community Planning Partnerships

Fraser McKinlay, Controller of Audit and Director of Best Value & Scrutiny Improvement, joined the meeting.

There was submitted a report by the Controller of Audit on the Auditing of Community Planning Partnerships, which had been previously circulated, and which included the audit framework submitted to the Cabinet Secretary for Finance, Employment and Sustainable Growth.

Following discussion, the Board congratulated Fraser and the team who had prepared the audit framework on the quality of the work, and there was discussion of the next steps in delivering the initial phase of the audits.

The Chair of the Accounts Commission informed the Board of his recent attendance as an observer at the National Group on Community Planning and Single Outcome Agreements.

There was discussion of the strategic questions that the Commission and others needed now to consider further, including on fees and charges, the future of best value auditing in local government and the reporting arrangements, in particular to Parliament.

Action(s):

- ***Updates on CPP auditing to remain on the Board's agenda.***

Fraser McKinlay, Controller of Audit and Director of Best Value & Scrutiny Improvement, left the meeting.

10. 2012-13 Autumn Budget Revision

David Hanlon, Corporate Finance Manager joined the meeting

There was submitted a report by the Corporate Finance Manager on the 2012-13 Autumn Budget Revision, which had been previously circulated.

Following discussion, the Board approved the submission of a proposal to request £525,000 through End Year Flexibility (EYF) to support fee rebates during 2012/13.

Action(s)

- ***The Corporate Finance Manager to prepare a proposal on EYF to submit to the SCPA.***

11. Audit Scotland Budget 2013-14

There was submitted a report by the Chief Operating Officer and the Assistant Auditor General on the 2013-14 Audit Scotland Budget, which had been previously circulated.

The Assistant Auditor General updated the Board on discussions that had taken place with Management Team, and a budget summary was tabled highlighting key budget assumptions, options and outcomes.

Following discussion, the Board indicated that it was content for the detailed budget proposal to be prepared for the September meeting on the broad assumption that the fee reduction in 2013/14 would enable Audit Scotland to meet or exceed its target of reducing the cost of audit by 20 per cent over four years and provide stability on fees in future years.

Action(s)

- *The Assistant Auditor General and Chief Operating Officer to prepare a detailed budget for approval in September.*

David Hanlon, Corporate Finance Manager left the meeting.

12. Knowledge Management Project Update

Lynn Bradley, Director of Corporate Programmes and Martin Walker, Assistant Director, Best Value & Scrutiny Improvement joined the meeting.

There was submitted an update report by the Director of Corporate Programmes on the Knowledge Management Project, which had been previously circulated.

Following discussion, the Board strongly encouraged the ongoing development of Knowledge Cafes, noted the progress being made and invited the Director of Corporate Programmes to provide a further update in six months.

Action(s)

- *The Director of Corporate Programmes to provide an update on knowledge management in January 2013.*

Lynn Bradley, Director of Corporate Programmes and Martin Walker, Assistant Director, Best Value & Scrutiny Improvement left the meeting.

13. Review of Remuneration Committee Performance and Priorities

There was submitted a report by the Chair of the Remuneration Committee on the Review of its performance and priorities, which had been previously circulated.

Following discussion, the Board noted the report and approved changing the name of the committee to the Remuneration and Human Resources Committee.

Action(s)

- *The Chief Operating Officer to arrange for the revised remit and name of the committee to be announced to colleagues in August 2012.*

14. 2013 Proposed Meeting Dates

There was submitted a report by the Chief Operating Officer on the 2013 proposed meeting dates, which had been previously circulated.

Board members were invited to inform the Chief Operating Officer of any dates that were unsuitable so that a revised schedule could be approved at the September meeting.

Action(s)

- *The Chief Operating Officer to prepare a revised schedule for September 2012.*

15. Accounts Commission Chair's Report

There was submitted a report by the Chair of the Accounts Commission on his activities since the June meeting.

Following discussion, the Board noted the update from the Chair of the Accounts Commission.

16. Any Other Business

There was no other business.

17. Date of the next meeting

It was noted that the next Audit Scotland Board meeting would be on **Wednesday, 19 September 2012** and will be held at the conclusion of the Audit Committee in the offices of Audit Scotland, 110 George Street, Edinburgh, EH2 4LH.

John Baillie submitted his apologies for the meeting.

Minutes of Meeting of **Audit Scotland** held in the offices of Audit Scotland, 110 George Street, Edinburgh on **Wednesday, 24 October 2012** at 14.00hrs

PRESENT: R Cleland (Chair)
J Baillie
K Bryan
C Gardner
J Maclean

APOLOGIES: None

IN ATTENDANCE: D McGiffen, Chief Operating Officer
R Frith, Assistant Auditor General

Item No

Subject

1. Apologies
2. Declarations of Interest
3. Board note dated 19 September 2012
4. 2013-14 Draft Budget Submission and Fee Strategy
5. Complaints Policy
6. Data Protection Policy
7. Freedom of Information
8. Corporate Performance Report – Quarter 1
9. West of Scotland Office Update
10. West of Scotland Office – Redundancy Implications
11. Strategic Issues
12. AOB
13. Date of next meeting

1. **Apologies**

There were no apologies received.

2. **Declarations of Interest**

There were no declarations of interest.

3. **Note of meeting – 19 September 2012**

The Board considered the note of the meeting of members of the Board on 19 September 2012. It was agreed that the Chief Operating Officer would re-issue the note to take into consideration comments received from Katharine Bryan. The Chief Operating Officer apologised for the oversight.

Subject to those amendments, the Board then confirmed the following key points.

4. **2013 – 14 Draft Budget Submission and Fee Strategy**

The Board noted that confirmation had been received by correspondence from the Chair of the Board and the Chair of the Accounts Commission that they approved the draft Budget Submission and Fee Strategy and the Chief Operating Officer confirmed that the budget proposal had been submitted to the Scottish Commission for Public Audit by the deadline.

5. **Complaints Policy**

The Board noted that the Chair had approved the draft complaints policy by correspondence, but that discussion was ongoing with the Accounts Commission about its part of the complaints handling policy. The Chief Operating Officer reported that it was hoped discussion would be concluded shortly about the arrangements for oversight and approval of responses to any complaints about the Accounts Commission.

6. **Data Protection Policy**

The Board noted that approval had been received by correspondence from the Chair and the Chair of the Accounts Commission on the draft Data Protection Policy and that this would now be implemented.

7. **Freedom of Information**

The Board noted that approval had been received from the Chair and the Chair of the Accounts Commission by correspondence on the draft Freedom of Information policy and that this would now be implemented.

8. **Corporate Performance Report – Quarter 1**

The Board noted that the report had been considered by the Chair and the Chair of the Accounts Commission.

9. West of Scotland Office

The Board noted that the note of the meeting of 19 September would be revised to incorporate Katharine's Bryans comments. The Chief Operating Officer reported verbally that the costs for the project, as detailed in the report to the 19 September meeting, had moved by £60k but increased only by £3,000 per annum over 10 years as a result of a reduced double running period.

10. West of Scotland Office – Redundancy Implications

There was submitted a report by the Chief Operating Officer on the West of Scotland Office – Redundancy Implications. The Board considered the issues raised in the report, including the process of individual consultation with employees affected by the move and the resulting discussions which had led Management Team to accept that the personal circumstances of one employee meant that it was not possible to offer suitable alternative employment and that the employee was therefore eligible for compulsory redundancy. The Board noted the circumstances of the case, and the costs, as detailed in the report.

11. Strategic Issues

The Board agreed that it would consider strategic issues affecting Audit Scotland at a strategy seminar to be held on conclusion of the Board meeting.

12. Any Other Business

There was no other business.

13. Date of the next meeting

It was noted that the next Audit Scotland Board meeting would be on ¹**Thursday, 22 November 2012** and will be held at the conclusion of the Remuneration Committee in the offices of Audit Scotland, 110 George Street, Edinburgh, EH2 4LH.

¹ The meeting date was subsequently changed to Wednesday, 28 November 2012.

Minutes of Meeting of **Audit Scotland** held in
the offices of Audit Scotland, 110 George
Street, Edinburgh on **Thursday, 28**
November 2012 at 10.00hrs.

PRESENT: R Cleland (Chair)
J Baillie
K Bryan
C Gardner
J Maclean

APOLOGIES: None

IN ATTENDANCE: D McGiffen, Chief Operating Officer
L Bradley, Director of Corporate Programmes and Performance
I Metcalfe, Corporate Performance Officer
F McKinlay, Controller of Audit and Director of Best Value
& Scrutiny Improvement
A Clark, Assistant Director of Best Value and Scrutiny Improvement
S Murray, Corporate Accountant

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Declarations of Interest
3.	Chair's Report
4.	Board note dated 19 September 2012
5.	Minutes dated 24 October 2012
6.	2012-13 Financial Forecast
7.	Corporate Performance Report for Quarter 2, 2012-13
8.	Corporate Plan 2012-15
9.	Community Planning Partnerships
10.	Complaints Policy
11.	Register of Hospitality and Gifts
12.	Members' Code of Conduct
13.	West of Scotland Office Update
14.	Scottish Commission for Public Audit
15.	Accountable Officer's Report
16.	Accounts Commission Chair's Report
17.	AOB
18.	Date of next meeting

1. **Apologies**

There were no apologies received.

2. **Declarations of Interest**

There were no declarations of interest.

3. **Chair's Report**

The Chair gave a verbal update on his activities since the previous meeting on 24 October 2012 meeting. He updated the Board on the meeting with the Scottish Commission for Public Audit on 25 October 2012. He also reported back on his attendance at two Re:Connect events with Audit Scotland staff and invited reflections from Board members on the strategic session held in October. The Board agreed that the session had been useful in establishing the extent of shared goals across the Auditor General's and Accounts Commissions' priorities, and that these presented no immediate challenges to Audit Scotland's ability to deliver. The Board also agreed that it had been useful to consider the impact of the Scotland Act and the wider political context within which audit was operating.

The Chair also reported back on his recent performance assessment conducted for the Scottish Commission for Public Audit.

4. **Note of meeting – 19 September 2012**

The Board considered and approved the amended note of the meeting of members of the Board on 19 September 2012.

5. **Minutes of the meeting dated 24 October 2012**

The minutes of the meeting dated 24 October 2012 were submitted and approved as an accurate record and the Board confirmed that the Data Protection Policy and Freedom of Information Policy had been formally approved.

6. **2012-13 Financial Forecast**

Steve Murray, Corporate Accountant joined the meeting

There was a report submitted by the Chief Operating Officer on the 2012-13 Financial Forecast, which had been previously circulated.

The Board discussed the underlying reasons for the forecast position and explored the commitments in the consultancy budget. The Board noted the reasons for variances on staff budgets, caused vacancies, and noted the plans to accelerate recruitment to maintain an establishment level at or closer to budget.

Following discussion, the Board:

- Noted the financial forecast for the 12 months to March 2013
- Noted the plans to restate operational budgets to reflect the actual fee and central charges split identified in the published indicative fees and charges for the 2012/13 audits

- Agreed that fee rebates of 6 per cent of 2011/12 indicative audit fees be made to eligible audit bodies to reflect the benefits of progress in achieving cost reductions
- Approved the launch of a further VERA scheme.

Actions(s)

- *The Assistant Auditor General to arrange for fee rebates during December 2012*
- *The Chief Operating Officer to launch a further VERA scheme in January 2013*

Steve Murray, Corporate Accountant left the meeting

7. Corporate Performance Report for Quarter 2, 2012-13

Lynn Bradley, Director of Corporate Programmes and Performance and Ian Metcalfe, Corporate Performance Officer joined the meeting

There was a report submitted by the Director of Corporate Programmes and Performance, on performance for quarter two, which had been previously circulated.

The Board discussed the performance report and the development of the performance reporting system. The Board commented on the alignment between the performance report and the assessment of risk and were advised that internal audits were underway and planned on both risk management and on the performance reporting system.

The Board agreed that building further quantitative data into the reporting would be helpful and that a clear narrative on performance against target in each quarter would be useful.

Actions(s)

- The Director of Corporate Programmes and Performance to respond to the Board's comments in the ongoing development of the reporting system.

Lynn Bradley, Director of Corporate Programmes and Performance and Ian Metcalfe, Corporate Performance Officer left the meeting

8. Corporate Plan 2012-15 – Priorities 2013

There was a report submitted by the Chief Operating Officer on the Corporate Plan 2012-15 – Priorities 2013, which had been previously circulated.

Following discussion, the Board welcomed the update and agreed with the areas identified for investment. The Board noted that consultation was ongoing with the Accounts Commission and the Auditor General on the forward programme of performance audits and that the priorities had been developed following consideration of the Accounts Commission's strategy, discussions at the Board's strategy session in October, feedback from colleagues at the Re: Connect events, engagement with the Scottish Commission for Public Audit on Audit Scotland's budget, the audit priorities framework developed by the leadership group and developments in the Scottish public sector landscape and public sector auditing across UK public agencies.

The Board noted the emerging themes and that the final plan would be presented to the Board for approval in January 2013.

Actions(s)

- **The Chief Operating Officer to present final set of corporate plan priorities for 2013 for approval by the Board at its meeting in January 2013.**

9. Community Planning Partnership

Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement and Antony Clark, Assistant Director of Best Value and Scrutiny Improvement joined the meeting.

There was a report submitted by the Controller of Audit and Director of Best Value and Scrutiny Improvement on the Community Planning Partnership audit, which had been previously circulated.

The Chair of the Accounts Commission reported back on recent engagements with the Cabinet Secretary for Finance, Employment and Sustainable Growth and discussion on the pace of progress in partnership working.

The Assistant Director of Best Value and Scrutiny Improvement provided an update on the work in the three pilot audits, highlighting some of the areas where different approaches had been deployed and the areas that had presented challenges for the audit teams and partnerships.

The Controller of Audit outlined the plans for evaluating the pilots and highlighted the need to take stock before considering a further roll out of the audits.

The Board welcomed the update and congratulated the teams on making significant progress against a very demanding timetable.

Actions(s)

- ***The Controller of Audit and Director of Best Value and Scrutiny Improvement to provide a further report following the evaluation of the pilot audits.***

Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement and Antony Clark, Assistant Director of Best Value and Scrutiny Improvement left the meeting.

10. Complaints Policy

There was submitted a report by the Chief Operating Officer on the new Complaints Handling Procedures, which had been previously circulated.

The Board noted the changes that had been made to the draft procedures following discussion with the Chair of the Accounts Commission and approved the new complaints handling procedures.

Actions(s)

- ***The Chief Operating Office to implement the new complaints handling procedures.***

11. Register of Hospitality and Gifts

There was submitted a report by the Chief Operating Officer on the Register of Hospitality and Gifts, which had been previously circulated.

Following discussion, the Board agreed to include hospitality declined in the register of hospitality and gifts.

Actions(s)

- ***The Chief Operating Officer to update the Register of Hospitality and Gifts and arrange for the Chair to reissue to all members in January 2013.***

12. Members' Code of Conduct

There was submitted a report by the Chief Operating Officer on the Members' Code of Conduct, which had been previously circulated.

Following discussion, the Board approved the revised Members' Code of Conduct.

Actions(s)

- ***The Chief Operating Officer to arrange for the Chair to reissue to all members in January 2013.***

13. West of Scotland Office Update

There was submitted a report by the Chief Operating Officer giving an update on the West of Scotland Office, which had been previously circulated.

Following discussion, the Board noted the resolution of the heating and ventilation issues and the update on furniture pricing.

14. Scottish Commission for Public Audit

There was submitted a report by the Chief Operating Officer on the recent Scottish Commission for Public Audit meetings, which had been previously circulated.

The Chief Operating Officer advised the Board that a letter had also been received from the Convenor of the Scottish Commission for Public Audit (SCPA) asking for further information on fees and charges.

Following discussion, the Board noted the report from the SCPA.

15. Accountable Officer's Report

The Accountable Officer gave a verbal update on her activities since the previous meeting on 24 October 2012 meeting, including feedback on meeting all staff at the Re:Connect events; recent engagements with parliamentary committees and discussions with key stakeholders.

The Accountable Officer also advised the Board that she would be attending the next meeting of the International Ethics Standards Board for Accountants in New York

during December and confirmed that her re-appointment to the Board had been advised to the Parliamentary Corporate Body.

16. Accounts Commission Chair's Report

The Chair of the Accounts Commission gave a verbal update on his activities since the previous meeting on 24 October 2012 meeting, including the recent visit by the Minister for Local Government to the Commission meeting.

17. Any Other Business

There was no other business.

18. Date of the next meeting

It was noted that the next Audit Scotland Board meeting would be on **Thursday, 24 January 2012** and will be held at the conclusion of the Audit Committee in the offices of Audit Scotland, 110 George Street, Edinburgh, EH2 4LH.