



Minutes of Management Team meetings

2006

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 17 JANUARY 2006

Present: Bob Black, Caroline Gardner, Hugh Hall, Russell Frith, Diane McGiffen

In attendance: Fraser McKinlay (for Item 4)

| | <u>Action</u> |
|---|--------------------|
| <p>1. Notes of previous meeting</p> <p>The notes of the meeting of 13 December 2005, which had been circulated, were approved as an accurate record.</p> | |
| <p>2. Information Management</p> <p>Diane introduced her Information Management paper, which had been circulated. Following discussion, MT noted progress on the information clear-out, reconfirmed the Information Management Guiding Principles and approved the retention schedule, subject to clarification on the following:</p> <p>The retention period for Audit Scotland Board papers; the retention period for Audit Scotland published reports.</p> <p>In addition, it was agreed that guidance on the use of shared folders as well as personal folders should be issued.</p> | DM/MG DM/MG |
| <p>3. Risk Register</p> <p>Russell introduced the revised risk register, which had been circulated. The updated register was approved for circulation to the Audit Scotland Audit Committee at its meeting in February.</p> | |
| <p>4. Corporate Plan</p> <p>Fraser McKinlay joined the meeting for the Corporate Plan discussion. Following discussion it was agreed to design the Corporate Plan as an e-document with hot links, to circulate a revised draft for approval at 31 January meeting, and to make the plan available to staff at around the time of the staff conference in March. Fraser to incorporate revisions discussed at this meeting and circulate new draft for the informal MT next week.</p> <p>It was agreed that no formal launch of the plan was necessary.</p> | FM |
| <p>5. Items for Heads of Agencies meeting</p> <p>Bob Black outlined the items on which Audit Scotland would be leading at the forthcoming Heads of Agencies meeting, including reviews of scrutiny functions and measuring the impact of our work.</p> <p>Diane agreed to circulate the briefing notes for Bob to the rest of MT.</p> | DM |
| <p>6. AER 2007/08</p> <p>Diane outlined for the group the current planning assumptions for the AER 2007/08, which were that there were no significant resource requirements beyond an allowance for inflation. MT members agreed to report back to Diane by 24 January if other resource requirements had emerged.</p> | |

7. **Procurement**

Russell outlined progress on the current procurement cycle and the timetable for securing approval for the proposed appointments. It was agreed that a corporate communication on the outcome of the procurement process would be produced in advance of the staff conference. Russell/Diane to progress.

RF/DM

8 **Year-end Forecast**

Diane re-circulated the year-end forecast which had made available in December. December cost statements and a revised forecast would be available shortly.

MT noted the year-end forecast position.

9. **AOB**

9.1 Regrading LG team administrative support

It was agreed to regrade this post now that the corporate FM and Administration services review had been completed and following MT discussion in 2005, the regrading would be backdated to 1 May 2005.

9.2 Internal Audit

Diane outlined the proposals for the internal audit appointment which would be discussed at the Audit Scotland Audit Committee meeting.

9.3 Transforming Scottish Public Services conference

Caroline tabled information on this conference. It was agreed that two directors should represent Audit Scotland at the conference. Hugh and Caroline to identify attendees.

HH/CG

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 14 FEBRUARY 2006

Present: Bob Black, Caroline Gardner, Russell Frith, Diane McGiffen

Attending: James Gillies (for Item 5)
Fraser McKinlay (for Item 9)

Action

1. Apologies

Apologies noted from Hugh Hall.

2. Notes of Previous Meeting

These were approved as an accurate record.

3. Budget 2006/07

Diane tabled a paper jointly prepared with Russell for approval by the Board. It was agreed to continue discussion on achieving the £180,000 of savings at the next meeting with Hugh present. It was agreed that MT members should provide comments on the draft paper to Diane by Wednesday morning.

4. Quality Appraisal for PA Group Work

Following discussion of the paper on quality appraisal arrangements for performance audit, it was agreed:

- To go ahead with the quality assurance arrangements outlined in Russell's report, which had been circulated;
- To ensure that the work on impact and public value should inform the QA process; and
- To look at the potential of the planned internal audit study on quality arrangements/project management in PA to inform the work.

5. Publications Schedule

James Gillies joined the meeting for this item. The forthcoming publications schedule was noted.

6. MT Away Day Reflections and Next Steps

Following discussion of the MT away day, it was agreed that:

- The first strategic conversation should be scheduled for 3 March and would focus on a visioning exercise for the management development programme and a discussion on public value.
- We would continue to work with Amanda Ridings on an ad hoc basis to support MT development.

Future items would include Best Value and the Code of Audit Practice.

7. Draft Board agenda

The draft board agenda was agreed.

8. Performance and Financial Reporting

The quarterly finance and performance report was reviewed and MT noted the solid performance being achieved against targets in most areas.

9. Staff conference update

Fraser McKinlay joined the meeting for this item and updated the group on arrangements for the staff conference on 2 March.

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 21 FEBRUARY 2006

Present: Bob Black, Russell Frith, Caroline Gardner, Hugh Hall, Diane McGiffen
Attending: Arwel Roberts for Item 2; David Blattman for Items 5-7

| | <u>Action</u> |
|---|---------------|
| <p>1. Notes of Previous Meeting – 14 February 2006</p> <p>The notes of the previous meeting were agreed as an accurate record.</p> | |
| <p>2. Central Government Update</p> <p>Arwel Roberts updated the group on issues in the central government portfolio following his discussion paper which had been circulated. MT thanked Arwel for his briefing and welcomed the opportunity to discuss strategic sectoral issues.</p> | |
| <p>3. Update on 18 George Street</p> <p>Diane updated the MT on the likely increase to the cost of the 18 George Street refurbishment. Diane will circulate a paper for agreement at MT next week.</p> <p>Arwel left the meeting.</p> | DM |
| <p>4. Budget Savings</p> <p>It was agreed to discuss at a meeting in March the budget savings that are required to achieve the fee levels that have been set. This will allow all MT budget holders to share information on savings generated to date, budget profiles and areas of pressure in budgets. This will enable MT to decide how to apportion the £180k worth of savings required.</p> <p>David Blattman joined the meeting for the next three items.</p> | |
| <p>5. Flexible Benefits</p> <p>David Blattman introduced his paper on flexible benefits, which had been circulated. MT agreed that David should provide further information and develop policy framework on childcare vouchers, career breaks and life event holiday accrual.</p> <p>It was agreed to defer further work on the Home Computer Initiative until the current sourcing arrangements had settled down.</p> <p>It was agreed that a paper should be drafted for the Remuneration Committee.</p> | DB |
| <p>6. Learning and Development Strategy</p> <p>David introduced the Learning and Development Strategy, which had been circulated. The strategy was approved.</p> <p>MT welcomed the evolution of the L&D strategy and, in particular, the greater detail around monitoring the evaluation arrangements for learning and development at Audit Scotland.</p> | |
| <p>7. Staffing Resource Plan 2006/07</p> <p>David's paper, which had been circulated for information, was noted.</p> | |
| <p>8. Date of next meeting</p> <p>The next meeting will be held on 28 February at 10am.</p> | |

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 28 FEBRUARY 2006

Present: Bob Black, Caroline Gardner, Hugh Hall, Russell Frith, Diane McGiffen

Attending: Fraser McKinlay (for Item 4)

1. **Notes of previous meeting – 21 February 2006**

The notes of the previous meeting were agreed, subject to the agreed change to Item 5.

2. **AER 2007/08 Return to Scottish Executive**

Management Team approved the proposed AER 2007/08 set out in the paper by Diane McGiffen, which had been circulated. This will now be submitted to the SCPA and the Scottish Executive.

3. **Refurbishment of 18 George Street**

Diane McGiffen presented a paper outlining the detailed costings for the refurbishment of 18 George Street. MT approved proceeding to the next stage in the project and going out to tender prior to board approval being sought.

4. **Staff Conference arrangements**

Fraser McKinlay joined the meeting to update MT on the arrangements for the staff conference on 2 March.

5. **AOB**

5.1 There was a discussion about the recent exchanges in the Finance Committee referring to Audit Scotland. It was agreed that a letter outlining Audit Scotland's position should be sent to Tom McCabe

5.2 There was a discussion about the recent events at Scottish Water.

5.3 Bob Black outlined the themes Audit Scotland would highlight in the forthcoming meetings with Kevin Woods.

5.4 Group Accounting: Russell Frith highlighted the issue that had been raised at the recent Local Government Sector meeting on group accounting and the difficulties some local authorities were having in meeting the new deadlines. He reported that the Accounts Commission were unlikely to be sympathetic to local authorities over failure to meet the deadlines.

Action

CG

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 7 MARCH 2006

Present: Bob Black, Caroline Gardner, Russell Frith, Hugh Hall, Diane McGiffen

Attending: Bill Magee (for Item 1)

| | <u>Action</u> |
|---|---------------|
| <p>1. Notes of Previous Meeting – 28 February 2006</p> <p>The notes of the previous meeting were agreed as an accurate record.</p> | |
| <p>2. Ombudsman Pension Liabilities</p> <p>Bill Magee joined the meeting for this item. There was discussion about the differing views on where the pensions liabilities of the former Local Government Ombudsman sit and whether they transferred to the Public Services Ombudsman or remain with Audit Scotland. It was agreed to proceed with the suggestion from the Public Services Ombudsman that Queens Counsel opinion be sought on the matter.</p> <p>Bill left the meeting.</p> | BM |
| <p>3. Procurement Guidelines</p> <p>Diane McGiffen introduced the procurement guidelines, which had been circulated. Following discussion, it was agreed to approve the guidelines subject to the following amendments:</p> <ul style="list-style-type: none">• Clarifying the definition of Senior Manager• Seeking credit checks where payment in advance is being undertaken. | DM |
| <p>4. Public Affairs</p> <p>Diane introduced the Public Affairs discussion paper, which had been circulated. Following discussion it was agreed that the five strategic themes on which to focus our external relations should be:</p> <ul style="list-style-type: none">• Efficient government• The changing nature and role of public audit• Supporting effective democratic scrutiny• The public value and impact of public audit, and Audit Scotland in particular; and• The developing international role of Audit Scotland. <p>Caroline updated the group on the letter from the Accounts Commission to Tom McCabe. It was agreed that work should start on a corporate submission to the Finance Committee investigation on the role of scrutiny agencies. Caroline and Hugh to circulate bullet points for inclusion in the response. A draft response to come to MT for discussion.</p> | CG/HH |
| <p>5. Graduate Trainees lunch</p> <p>Diane reported that the likely dates for the meetings would be in May. Hugh suggested too that we host a lunch in Edinburgh and in East Kilbride, the latter tying in with the opening of the Boardroom in East Kilbride.</p> | |

6. **Restructuring Proposals**

This item was considered in confidence.



AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 14 MARCH 2006

Present: Bob Black, Caroline Gardner, Hugh Hall, Russell Frith, Diane McGiffen

Attending: Professors Iain McLean and Dirk Haubrich from Oxford University;
Mandy Gallacher (Items 3 and 4); James Gillies (Item 6)

Action

1. **Minutes of previous meeting – 7 March 2006**

The notes of the previous meeting, which had been circulated, were agreed as an accurate record.

2. **Performance Assessment of Local Authorities in Scotland**

Professor Iain McLean and Dirk Haubrich from the Department of Politics and International Relations, Oxford University joined the meeting to lead a discussion on their work on the assessment of the appropriateness and usefulness of performance measures in local government.

Following discussion, MT thanked Iain and Dirk for their time and welcomed the opportunity to receive the draft findings of the study.

Iain McLean and Dirk Haubrich left the meeting.

3. **Environment Strategy – Targets and Actions**

Mandy Gallacher joined the meeting for the next two items.

Mandy introduced the Environment Strategy targets paper, which had been circulated. Following discussion, it was agreed to approve the targets and recommendations in the report. It was also agreed that the savings generated against targets would be considered on an annual basis as part of the routine budget process. MT thanked Mandy and the environment group for their excellent work on this project.

4. **Draft Response to FOI Consultation**

Mandy introduced the draft responses to the consultation paper, which had been circulated. Following discussion, the draft response was approved.

Mandy left the meeting.

5. **New Telephony System**

Diane introduced the proposals for a new telephony system as outlined in her paper, which had been circulated. The proposals had been considered and approved at Technology Management Group and following discussion, MT approved the purchase of the system as follows:

Phase 1 and 2 – totalling £141,378.80 (exc. VAT) comprising network survey and systems planning @ £9,000 (exc. VAT) and hardware/software required for George Street office, including consultancy/training @ £132,278.80 (exc. VAT). Phase 3 to include any additional consultancy and hardware/software to deploy the system to area and fixed audit offices at an estimate of £23,793.96 (exc. VAT).

It was agreed that the risk register for the project should come back to MT for discussion.

DM

6. **Publications Schedule**

James Gillies joined the meeting for a discussion on forthcoming publications. It was agreed that James would liaise with Performance Audit to assess the impact of the elections on the forward work programme.

JG

7. **AOB**

7.1 There was an update on recent development in the review of scrutiny and regulations.

7.2 Budgets: It was agreed to proceed to finalise 2006/07 budget over the next few weeks and to take into account revised pension cost information during that process.

DM/RF

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 21 MARCH 2006

Present: Bob Black, Caroline Gardner, Russell Frith, Hugh Hall, Diane McGiffen

Action

1. **Notes of previous meeting**

The notes of previous meeting, which had been circulated, were agreed as an accurate record.
2. **Briefing Session by Peter McMahon**

Peter McMahon from The Scotsman joined MT for a briefing on the Media in Scotland. Following Peter's presentation, which covered the trends in newspaper circulation and readership in Scotland and current issues in Scottish media business, there was a question and answer discussion. MT thanked Peter for his very interesting presentation.
3. **Restructuring: Performance Audit Group–Central Government Team, Best Value Team and Audit Services Group**

Papers by Caroline Gardner and Hugh Hall, which had been circulated, were discussed. Following discussion around the proposed deletion of two Director posts (Central Government, Audit Services and Central Government, Performance Audit) and the creation of new Assistant Director posts, it was agreed that Bob Black would come back with a decision on the recruitment process following further discussion and deliberation.
4. **FPSG Pay Award**

It was agreed that Caroline and Hugh would meet with Bob on 22 March with their proposals for the 2006/07 pay award for their directors and assistant directors.
5. **Budget 2006/07**

Diane McGiffen proposed that the budget for 2006/07 is not finalised until the year-end position is known and EYF can be taken into account with the revised superannuation contributions. It was agreed that, in the interim, groups could operate with the percentage distribution of budget reductions reinstated.
6. **Efficient Government Update**

This item was deferred to the next meeting.
7. **Date of next meeting**

To be decided.

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 4 APRIL 2006

Present: Bob Black, Caroline Gardner, Hugh Hall, Diane McGiffen

Apologies: Russell Frith

1. **Minutes of previous meeting – 21 March 2006**

These were agreed as an accurate record.

It was agreed to schedule the Efficient Government discussion for the next meeting.

2. **Meeting with Andy Kerr**

Caroline and Bob updated MT on the morning's meeting with Andy Kerr which covered the forward study programme, review of recent work of Audit Scotland and current issues in the health service.

3. **Procurement**

Diane updated MT on the implications for Audit Scotland's procurement guidelines of the McClelland report. It was agreed that Diane would circulate a paper outlining recommendations.

4. **Scottish Enterprise**

There was discussion about the recent Scottish Enterprise report and correspondence between the Chief Executive of Scottish Enterprise and the Auditor General.

5. **Corporate Planning Officer post (Corporate Services) – by correspondence**

Diane had circulated a report to MT members which proposed the establishment of a permanent post of Corporate Planning Officer in Corporate Services. MT approved by correspondence the increase of 1 FTE in Corporate Services establishment to accommodate this post.

Action

DM

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 11 APRIL 2006

Present: Bob Black, Caroline Gardner, Hugh Hall, Diane McGiffen

Apologies: Russell Frith

| | <u>Action</u> |
|---|---------------|
| <p>1. Note of Previous Meeting – 4 April 2006</p> <p>The note of the previous meeting was agreed as an accurate record.</p> | |
| <p>2. Staff Conference 2006 – Evaluation</p> <p>Diane introduced the report evaluating the staff conference 2006, which had been circulated. The contents of the report were noted. Following discussion, it was agreed that provision should be made in the 2007/08 budget for the next staff conference. Given the preference expressed by staff, the next staff conference should also be a one-day event but should take place in around 18 months time, depending on work deadlines. The questions raised by the staff on evaluation forms would be responded to in an article in the next Abacus.</p> | DM |
| <p>3. Publications schedule</p> <p>James Gillies joined the meeting for this item. James tabled the latest media events and publications calendar and there was discussion with forthcoming publications.</p> <p>James also tabled a paper detailing planned publications for the financial year 2006/07 and an analysis of the planned and actual publications for each year from 2002/03. It was agreed that James would have further discussion with report authors and then with Caroline, David and Barbara to refine the publications schedule prior to the election period in 2007. James highlighted developing work with the Audit Services Health team on audit reports.</p> | JG |
| <p>4. Cipfa/AAT Professional Qualification Scheme – Performance Report</p> <p>Diane introduced the report detailing professional trainees exam performance, which had been circulated. Management Team noted the very good progress that graduate trainees are making and welcomed the development of placements for trainees in Audit Strategy and Performance Audit. Discussions about partnering with other external organisations are continuing and were noted.</p> | |
| <p>5. Efficient Government</p> <p>Hugh introduced the papers providing an update on Efficient Government which had been circulated. The update was welcomed by MT. Following discussion it was noted that the plans for a stakeholder report on Efficient Government were still developing and Caroline agreed to circulate an outline proposal in this area.</p> | CG |
| <p>6. New Audit Appointments – Collaborative Working</p> <p>Caroline introduced discussion on a protocol for collaborative working on the new audit appointments covering client and stakeholder reports, the role of Audit Strategy, sector planning, audit resources, priorities and risks framework, sector meetings and liaison arrangements, reporting issues arising from the audits and information sharing. The development was welcomed and Russell and Caroline will report back as the protocol develops.</p> | RF/CG |

7. **Homeworking**

Diane introduced the paper on homeworking, which had been circulated. The paper updated key parts of the policy which had been approved by MT in October 2005, pending clarification in these areas. It was agreed that the allowances, for designated homeworkers only, would be:

- An allowance of up to £400 to ensure that home offices are safe and secure;
- A specific section on IT-related issues including broadband provision, printers, delivery of equipment and support arrangements and an allowance of up to £20 a month to enable broadband connectivity;
- Costs will initially be met from local budgets until we know the likely demand and take up of the policy.

It was noted that the provisions did not apply to occasional homeworkers, as outlined in the policy approved in October 2005.

8. **Any other business**

- 8.1 Bob Black outlined his need for detailed briefings in preparation for the Audit Committee on Scottish Enterprise. Bob outlined discussions around the work of the Audit Committee in relation to the Funding Council.
- 8.2 Bob reported on his forthcoming visit to the Audit Commission on 28 April and there was discussion about the proposed presentation.
- 8.3 Bob will meet with Sir John Bourn and some colleagues from the NAO on 20-21 April. Bob tabled details of his meeting with Sir Jeremy Beecham on the review of public services in Wales.
- 8.4 Bob circulated details of the Public Administration Select Committee's visit to Edinburgh on 25 April which Bob would be attending.
- 8.5 Arrangements for the SCPA meeting on 26 April were discussed.
- 8.6 Bob reported on an event that he would be attending on 28 April at Ramsay Gardens with Alice Brown and John Elvidge.
- 8.7 There was discussion about the Universities of Scotland presentation and the invitation to Bob to speak on the forthcoming Estates Management study.
- 8.8 There was discussion of the proposed scrutiny review and it was acknowledged that no timescale or announcement had been confirmed yet.

9. **Forthcoming meetings**

It was agreed to try to arrange a one-off session to have the joint health update from Barbara and Lynn. [Post meeting: Proposed date for meeting is Friday, 28 April between 9am and 10am.]

Management Team would not meet on 25 April and 9 May.

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 18 APRIL 2006

Present: Bob Black, Russell Frith, Hugh Hall Diane McGiffen

Apologies: Caroline Gardner

Action

1. **Note of Previous Meeting**

The note of the meeting of 11 April 2006, which had been circulated, was agreed as an accurate record.

2. **Disposal/Removal of Fixed Assets from Register**

Russell set out proposals to remove £406,062 worth of assets from the asset register. The assets have been fully depreciated but have remained on the register. The Management Team agreed to remove these assets from the register.

3. **Regrading of Administrative Post (Audit Strategy)**

The proposal to regrade the administrative assistant's post set out in the paper by Russell Frith, which had been circulated, was agreed. MT discussed the issue of potential grade drift.

4. **Finance Committee - Evidence and Reports**

There was discussion about the Audit Scotland response to the request for evidence for the Finance Committee's inquiry into Accountability and Governance. There was further discussion about the need to co-ordinate briefings for the forthcoming evidence session for this inquiry.

5. **Diversity Monitoring 2005**

The diversity monitoring report 2005, which had been circulated, was discussed.

6. **Any Other Business**

The forthcoming schedule of meetings was discussed. The next meeting will take place on 2 May at 2.30pm.

There will be a short MT session on 28 April from 9 to 10am to receive a briefing on the modernised health audit from Lynn Bradley and Barbara Hurst.

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 2 MAY 2006

Present: Bob Black, Caroline Gardner, Hugh Hall, Russell Frith, Diane McGiffen

Attending: James Gillies for Item 4

1. **Notes of Previous Meeting**

The notes of the meeting of 18 April 2006 were agreed as an accurate record.

2. **Application for Early Retirement**

Following discussion, it was agreed to recommend approval to the Board of the early retirement proposal which had been circulated. There was discussion of the costings used in the paper and it was requested that Diane clarify:

- The assumption that the replacement salary is at the bottom of the scale;
- The normal retirement age in our retirement policy.

3. **Efficient Government Reporting**

There was discussion about the reporting proposals for the Efficient Government initiative. It was agreed that there would be:

- A briefing note on our involvement in efficient government and reporting plans;
- Sectoral reporting to clients through the 2005/06 audit process as appropriate;
- progress reporting in the overview reports; and
- an Auditor General study, the timing of which is to be finalised.

4. **Publications Schedule**

James Gillies joined the meeting to discuss the publications schedule, after which he left the meeting.

5. **Anti-Age Discrimination Employment Legislation**

The Management Team welcomed the paper, which had been circulated, setting out the approach that Audit Scotland will take to prepare for the forthcoming anti-age discrimination legislation.

6. **Audit Services Group Staffing**

Hugh Hall provided an oral update on changes to Audit Services staffing, including the creation of a business development team and progress on the client allocations.

Hugh confirmed that he would be taking the leading role in the central government portfolio.

Action

HH/CG

7. **Any Other Business**

7.1 Caroline updated MT on recent briefings with the Scottish Executive on the progress of the scrutiny review.

7.2 Bob updated MT on forthcoming meetings in his diary. It was agreed to defer discussion on Bob's recent visit to the NAO to a future meeting.

7. **Date of next meeting**

The MT will meet next on 16 May 2006 at 2.30pm.

[Post meeting note: the date subsequently was changed to 17 May at 9.30am.]

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 17 MAY 2006

Present: Bob Black, Caroline Gardner, Hugh Hall, Russell Frith, Diane McGiffen

| | <u>Action</u> |
|--|---------------|
| 1. Notes of Previous Meeting – 2 May 2006 | |
| 1.1 <i>Item 2 - Application for Early Retirement:</i> Diane clarified the situations when Board approval was required for early retirement applications. These were when the application included discretionary payments or when the application was from a Management Team member. Therefore, the request agreed by MT at its 2 May meeting, which did not include discretionary payment, did not require Board approval. | |
| 1.2 <i>Item 3 - Efficient Government Reporting:</i> with reference to the bullet point of "Sectoral reporting to clients through the 2005/06 audit process as appropriate", Hugh clarified that he would be reporting through the client audit report to the Scottish Executive on the progress on Efficient Government. | |
| 1.3 MT approved the minutes subject to the above clarification. | |
| 2. Progress Review and Corporate Working | |
| Bob introduced discussion on his recent series of meetings with Directors and reflections on ways of improving our corporate working. | |
| Reference was made to a recent MT meeting which had included Lynn Bradley and Barbara Hurst for a discussion focussed on the NHS sector. It was agreed that Diane should revise the Management Team schedule to create space for regular, four-six weekly MT sessions to which directors would be invited and which would focus on corporate initiatives, corporate issues and strategic dialogue. This would ensure that there were regular strategic discussions on core business and issues emerging from our work involving MT and Directors. It would also help to promote effective collaborative working. | DM |
| The first of these would take place at the scheduled Strategy meeting on 30 June and among the corporate issues for discussion would be the client relationship strategy and the external relations strategy. | |
| 3. Internal Audit Reports | |
| The internal audit reports on Priorities and Risks Framework and Audit Planning and Monitoring were welcomed. The very favourable comments on the process for developing the PRF were highlighted in particular. | |
| 4. Inverness College | |
| 4.1 There was discussion of the recent evidence-taking session of the Audit Committee on Inverness College and the corporate issues emerging from that process. | |
| 4.2 Discussion followed about the recent evidence-taking session of the Finance Committee on the Accountability and Governance issues for Commissioners and Ombudsmen. It was agreed that urgent action should be taken to provide the Finance Committee with information to help address any issues relating to the governance of Audit Scotland. | DM |

5. **Shared Services Consultation Paper**

The consultation paper was noted and will be used to inform future thinking about shared services.

6. **Date of next meeting**

It was agreed to have a further MT meeting on Wednesday, 24 May at 12.15pm to consider the following items which were deferred from this meeting:

- Item 3: Year End Performance and Financial Reporting
- Item 4: Auditor General visit to NAO
- Item 8: PA Group Forward Study Programme

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 24 MAY 2006

Present: Bob Black, Caroline Gardner, Hugh Hall, Russell Frith, Diane McGiffen

| | <u>Action</u> |
|--|---------------|
| <p>1. Notes of Previous Meeting</p> <p>The notes of meeting of 17 May 2006 were agreed as an accurate record.</p> | |
| <p>2. Annual Report</p> <p>Diane requested that MT members forward their comments to Fraser McKinlay and Simon Ebbett and also copy to other MT members so that all MT members could see the ongoing evolution of the report and can comment on contributions. Comments are needed in wc 29 May.</p> | All |
| <p>3. Resourcing in Office Services Group</p> <p>Diane tabled a report setting out proposals for reorganising, within existing budget, the Office Services group. Following discussion, MT agreed:</p> <ul style="list-style-type: none">– to regrade the Office Services Manager’s post to Grade E following the recent evaluation of the post and the implementation of the FM review– to resource from EYF a 9 month secondment opportunity for the post of Move Co-ordinator designed to support the refurbishment of 18 George Street and support Audit Services colleagues make the transition to new client sites. The approximate cost of this would be £23,620– the recruitment of one additional full-time Grade B Administrator within Office Services to support the reduction in hours of some staff, the cost of which will be met from existing budgets. <p>MT noted the pending evaluation of the remaining Grade A posts in the Office Services group.</p> | |
| <p>4. Agenda for the meeting with the Finance Minister</p> <p>The agenda for the forthcoming meeting with the Finance Minister was discussed and agreed. Bob Black will reply to the Finance Minister’s office.</p> | BB |
| <p>5. Year End Performance and Financial Reporting</p> <p>Diane and Russell tabled an additional report following the report circulated previously. Diane outlined the main issues contributing to the year-end position and a number of issues were flagged for further investigation and discussion, including:</p> <ul style="list-style-type: none">– Central charges– Forecasting– Medium term financial planning– SCPA report in August. | |
| <p>6. Auditor General visit to NAO</p> <p>Bob Black’s report on his visit to the NAO was noted.</p> | |

7. **Performance Audit Group – Forward Study Programme**

Following discussion of Caroline's report, it was agreed that the consultation paper should include:

- An annex on our reporting processes and statutory responsibilities
- An indication of the impact that each study might be expected to have
- A focus, where appropriate, on incorporating the user's view of services.

The revised programme for consultation was approved.

8. **Central Government Intelligence Report**

It was agreed to schedule this report for an hour's discussion at a forthcoming MT meeting and to invite Bob Leishman and Bill Convery to attend.

9. **AOB**

Diane updated MT on the position with the East Kilbride office.

10. **Date of next meeting**

The next MT meeting is on 30 May at 2.30pm. Diane gave her apologies for the forthcoming two meetings because of holidays.

DM

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 30 MAY 2006

Present: Bob Black, Caroline Gardner, Hugh Hall, Russell Frith,

Apologies: Diane McGiffen

| | <u>Action</u> |
|--|---------------|
| <p>1. Notes of Previous Meeting</p> <p>The notes of meeting of 24 May 2006 were agreed as an accurate record.</p> | |
| <p>2. Central Government Intelligence Report</p> <p>Bob Leishman and Bill Convery joined the meeting for this item.</p> <p>The intelligence report was discussed which provided a useful update for MT members about current issues in central government.</p> <p>It was recommended that the Best Value team should have some input to the BV diagnostic currently being undertaken in order to help ensure a common understanding of the issues across the organisation.</p> | |
| <p>3. Annual Report Update</p> <p>Fraser McKinlay joined the meeting for this item.</p> <p>Comments had been received from some members of MT and any further comments were requested by 31 May. There would be two documents produced – an annual report with summarised financial information and a report and accounts containing the same annual report information plus any other disclosures required by the Financial Reporting Manual which would be attached to the full financial statements.</p> | ALL |
| <p>4. Best Value Audit Manager Post</p> <p>Caroline explained the rationale for the additional post and the funding arrangements for it.</p> <p>It was agreed that the post should be created.</p> | CG |
| <p>5. Review of arrangements for recognising central charges</p> <p>Russell introduced a paper setting out the current basis for the recognition of central charges income in our accounts ie on the basis of appointed auditor activity, and proposed an alternative basis of recognition more in line with the way in which the costs funded by the charges are incurred.</p> <p>The change in approach was agreed.</p> | RF/DM |
| <p>6. Internal Audit Reports</p> <p>The following internal audit reports were noted and would be presented to the next Audit Committee meeting:</p> <ul style="list-style-type: none">• Management Information System• Best Value Audit Regime | DM |
| <p>7. Strategy Meeting 30 June</p> <p>It was agreed that the focus of the meeting should be the future</p> | |

direction of our business covering best value audit, modernised audit and seamless audit. The format would be open discussion with no expectation of decisions being reached.

DM

8. **Dates of Next Meetings**

There would be no meetings in the weeks beginning 5th and 12th June.

The next meeting would be on Monday 19th June at 10.00am (Russell gave his apologies)

The following meeting would be on Tuesday 27th June at 3.15pm

The Strategy meeting is on 30th June

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 19 JUNE 2006

Present: Bob Black, Caroline Gardner, Hugh Hall, Diane McGiffen

Apologies: Russell Frith

In Attendance: Willie Maltman (Eglinton) and David Blattman for Item 2
James Gillies for Item 5

1. **Notes of Previous Meeting**

The notes of the meeting of 30 May 2006 were agreed as an accurate record.

2. **Manager Development Programme**

Willie Maltman and David Blattman joined the meeting to provide an outline of the Manager Development Programme following recent consultation. Following discussion, it was agreed that the proposed format was very attractive and David would circulate details of participants to MT members to help identify availability and preferred scheduling for the programme.

Once the cohorts are established, the business needs to work to ensure that participants can attend the planned sessions to avoid the disruption of people dropping out and rescheduling.

Willie and David then left the meeting.

3. **Approval of ASG Business Support Manager Post**

The approval of the ASG Business Support Manager Post which had been agreed by correspondence was noted.

4. **Application for Early Retirement on Grounds of Efficiency**

A paper had been circulated with an application for early retirement on grounds of efficiency. This was approved following discussion.

5. **Publications Schedule**

James Gillies joined the group for discussion on the publications schedule. There was discussion about the impact of recent publications and the arrangement for lead spokespeople.

6. **Board Agenda Items**

The Accountable Officer's report was agreed subject to amendment.

Diane tabled the End of Year Financial report. There was discussion of the key issues to be raised at the Board.

7. **Internal Audit Report**

The internal audit report on the implementation of the MIS system, which had been circulated and which provided substantial assurance, was discussed and approved for submission to the Audit Scotland Audit Committee.

8. **Pension Report**

There was discussion of the Pension Report which was due for publication the next day.

Action

DB

9. **Any Other Business**

There was discussion of the Scrutiny Review to be chaired by Lorne Crerar. It was agreed that there should be a co-ordinating group formed from within existing business groups to ensure that we maintain effective information-gathering and communication as the review progresses.

10. **Dates of next meeting**

Strategy meeting on 27 June will discuss:

- taking BV to the next stage of development in local government
- introducing BV to the health and central government sectors
- the next stages of developing the modernised audit
- what is meant by the seamless audit.

The next business meeting will be on 30 June at 9.30am.

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 30TH JUNE 2006

Present: Bob Black, Caroline Gardner, Hugh Hall, Russell Frith, Diane McGiffen

Attending: Fraser McKinlay and Andrew Anderson (for Item 2)
Antony Clark and John Lincoln (for item 3)

1. **Notes of previous meeting – 19 June 2006**

The notes of the previous meeting on 19th June were agreed as an accurate record.

2. **International activities**

Andrew Anderson made a presentation to MT about international work undertaken by Audit Scotland staff and in particular, about recent work in Lithuania. Andrew and Fraser McKinlay outlined some of the key issues to be considered for Audit Scotland in further developing this work and managing resourcing and risks around it. Following discussion it was agreed that Andrew and Fraser should prepare a business case for the development and resourcing of international work. MT thanked Andrew for his very informative presentation.

3. **Housing Benefit Inspection Benefit**

Antony Clark introduced the paper on Housing Benefit Inspection by David Pia, which had been circulated. It was agreed that a further report should come to Management Team when further discussion on reporting arrangements and resourcing had taken place. MT agreed that the devolution of the fraud inspection service represented an opportunity to streamline further inspection and audit work and welcomed the initiative.

4. **Medium-term financial planning**

Russell introduced his paper on medium-term financial planning, which had been circulated. It was agreed to continue the discussion at a future meeting.

5. **External and Internal Audit Programme**

This item was deferred.

6. **Visit by Jeremy Colman**

This item was deferred.

7. **Date of next meeting**

The next meeting was set for 4 July 2006.

Action

FMcK/AA

DP

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON TUESDAY 4TH JULY 2006

Present: Bob Black, Caroline Gardner, Hugh Hall, Russell Frith, Diane McGiffen

Attending: David Blattman and Jennie Mathieson (for item 1)

Barbara Hurst and Angela Cullen (for item 2)

Action

1. **Review of Learning and Development**

David and Jennie made a presentation to the MT on progress with the implementation of the performance development scheme by business group, PDS scores by business group, investment in learning and development corporately and by business group, and feedback on learning and development from evaluations. The presentation will be made to the senior managers in each business group.

DM/DB

MT welcomed the presentation as a significant milestone in Audit Scotland's development. During discussion the following topics were raised:

- Whether there was a need for PDS moderation at business group level
- Whether the pattern of scoring indicated any corporate issues about giving feedback on poor performance
- The importance of ensuring effective evaluation of all training and development events.

It was agreed to invite David and Jennie to make a final presentation on learning and development once the meetings with individual business groups have taken place.

2. **NHS Intelligence report**

Barbara and Angela introduced their report, which had been circulated. There was discussion of the financial outturn for 2005-06, and Angela tabled an updated appendix with the latest figures. There was discussion of the potential issues for section 22 reports. On best value, it was recognised that further discussion was required following the recent strategy seminar with directors. Bob indicated that as AGS, he needed to approve all best value development work in central government and health. There was discussion of the best value report in health. Hugh confirmed that the BV health report referred to in para 63 of the report was not a national report, but was a report to inform client-facing work.

3. **Planning audit work for 2006/07 audits**

Russell introduced his paper, which had been circulated. Following discussion, it was agreed that Russell should draft a consultation paper to be discussed at MT.

RF

4. **Date of next meeting**

The next meeting was set for Tuesday 11 July 2006 at 2.30pm.

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 15 AUGUST 2006

Present: Bob Black, Russell Frith, Caroline Gardner, Hugh Hall, Diane McGiffen

Bill Magee joined the meeting for item 5.

Alex Devlin joined the meeting for items 11 and 12.

| | <u>Action</u> |
|--|---------------|
| <p>1. Notes of previous meeting</p> <p>The notes of the meeting of 11 July were agreed as an accurate record.</p> | |
| <p>2. Revisions to the financial regulations</p> <p>Following discussion of the proposed revisions to the financial regulations set out in the report by the Director of Corporate Services, which had been circulated, it was agreed to recommend the proposed changes to the Board.</p> | DM |
| <p>3 Cosla pay settlement</p> <p>Diane updated the group on the local government pay award, which had been settled at 2.5% for each of the financial years 2006-07 and 2007-08. Approval was being sought from the remuneration committee to pay the final element of the award, backdated to 1 April. Diane will issue a note to staff once approval has been confirmed.</p> | DM |
| <p>4 Appointment to PA assistant director posts</p> <p>The decision to appoint Angela Cullen and Angela Canning to the posts of Assistant Directors in Performance Audit, which had been agreed by correspondence, was noted.</p> | |
| <p>5 Ombudsman pension liability</p> <p>Bill outlined the recent opinion received from Queen's counsel on the liability for Ombudsman pensions. It was agreed that Bill should draft a letter to the Scottish Executive setting out options for meeting this liability.</p> | BM |
| <p>6 Efficient Government</p> <p>There was discussion of Audit Scotland's work on efficient government. Bob reported that, following discussion with Bill Convery and Barbara Hurst about the work being led by Audit Services on efficient government, and given the expectations around publication, Audit Scotland should work to produce a high level report on efficient government for the autumn. The timing of this would be finalised once resourcing issues had been resolved, including the identification of support from Performance Audit with the drafting of the report. It was agreed that Hugh would lead this piece of work, and that the exact nature of the report was still to be confirmed. It was agreed to have further discussion at the strategy session on 18 August, and at the next MT meeting.</p> | HH |
| <p>7 SCPA progress report</p> <p>Diane and Russell updated the group on preparations for the SCPA budget bid. Salary budgets have been issued for comment to budget holders, and the deadline for return is 16 August.</p> | |

8 Planning for 2006/07 audit work

Following discussion of the draft report circulated by Russell it was agreed to adopt the framework outlined. Russell will finalise the paper and circulate it.

RF

9 Strategy session on 18 August

It was agreed that the strategy session would focus on efficient government (Bob and Hugh to lead discussion) and horizon scanning (Caroline to lead discussion with input from James Gillies.) In addition, it was agreed to discuss a forward agenda for the sessions, including potential external speakers.

BB/HH/CG

10 Invitation to speak at Audit Committee Forum

It was agreed that Lynn Bradley would be asked to brief and accompany Bob to the Audit Committee Forum meeting on Thursday 5 October.

11 Q1 Financial and Performance Information

MT discussed and noted the contents of the Q1 financial and performance report.

Diane tabled Quarterly financial results, and it was agreed to defer discussion until the next meeting.

12 Changes to Quarterly Performance reports

Alex Devlin introduced the report on proposed changes to the quarterly performance reports and outlined proposals for developing our in house performance monitoring and measurement.

13 Any other business

Bob has accepted an invitation to speak at the Productivity in the Public Sector conference on 23 October 2006.

It was agreed to take out corporate membership of the David Hume Institute given the relevance of many proposed discussions to Audit Scotland's business.

14 Date of next meeting

The next meeting is on 22 August 2006 at 2.30pm.

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 29 AUGUST

Present: Bob Black, Hugh Hall, Caroline Gardner, Russell Frith, Diane McGiffen

| | <u>Action</u> |
|--|-------------------------------|
| <p>1. Notes of the previous meeting</p> <p>The notes of the previous meeting were agreed as an accurate record.</p> | |
| <p>2. Central Government Monitoring report</p> <p>Barbara Hurst and Bill Convery joined the meeting for this item.</p> <p>Barbara and Bill introduced the report, which had been circulated. Following discussion, it was agreed that the central government briefing would be produced three times a year:</p> <ul style="list-style-type: none">• In September when the annual audits of central government accounts are nearing completion and there should be a clear list of potential issues for S.22 reporting• February, when the result of the annual audits of FE colleges should be known and the findings of the final audits of central government accounts has been completed• June when an early indication of audit findings can be provided. <p>MT thanked Barbara and Bill for a very useful briefing.</p> <p>It was agreed that Russell should provide a briefing on EYF and CUP to a future MT.</p> | Barbara |
| <p>3 Efficient Government update</p> <p>Hugh provided an update on the efficient government work being led by Audit Services and on his recent meeting with John Elvidge. It was agreed that:</p> <ul style="list-style-type: none">• Hugh would circulate the project plan for the efficient government report to MT• Hugh would draft a letter for Bob to John Elvidge outlining the planned reporting and publication timescale for the efficient government report. | Russell Hugh |
| <p>4 Scrutiny review update</p> <p>Bob updated MT on his and Caroline's recent meeting with Lorne Crerar, chair of the scrutiny review. The review is aiming to report in July 2007, with a literature review completed by the end of October 2007 and evidence collected by the end of 2006. Mr Crerar has established a sounding board for the review, including Chris Hood, Elaine Scrivens and Douglas Sinclair. Audit Scotland will complete a mapping exercise for the review.</p> <p>Hugh left the meeting after this item.</p> | |
| <p>4 SCPA budget submission preparation</p> <p>Diane updated the group on progress with the preparation of the SCPA budget submission, and reminded MT to provide responses and contributions by 4 September to the issues paper which had been</p> | All |

circulated.

5 Internal Audit Programme

It was agreed that this item would be dealt with by correspondence.

6 Telephone protocols

Diane provided an update on the telephony project and will report back to the group on the revised launch date once further testing has taken place through the extended pilot now in train.

The paper on telephone protocols was approved.

Diane

7 Temporary Assistant Director appointment

It was agreed to appoint Antony Clark to the post of temporary assistant director to support the scrutiny review and the development of Best Value in the NHS and central government, following the recent internal recruitment exercise.

It was also agreed to discuss with Hugh the options for securing Gary Devlin's role in the project.

**Caroline/
Hugh**

8 Audit Scotland's Lease policy

Following discussion, it was agreed to recommend the draft lease policy, which had been circulated, to the Board and to recommend including the Director of Corporate Services be included in those able to sign leases.

Diane

9 AOB

Diane updated MT on the resignation of Bryan Lambe.

Diane updated MT on an ongoing police investigation.

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 5 SEPTEMBER 2006

Present: Bob Black; Caroline Gardner; Russell Frith; Diane McGiffen

Apologies: Hugh Hall

1. Notes of previous meeting

The notes of the meeting of 29 August, which had been circulated, were agreed as an accurate record, subject to the action on providing a briefing on EYF and CUP being amended to record action by Bill Convery, rather than Russell.

2. Managing Director

Bob informed MT that Hugh had indicated his intention to resign and take up a new post. The team recognised Hugh's significant contribution to change management and business development. Final details of Hugh's departure date were still to be confirmed.

3. Budget 2007/08

There was discussion of Russell's paper, which had been circulated.

Following discussion, it was agreed that

- The general assumptions outlined in Russell's paper were accurate
- The proposals for EYF would be amended to delete funding for BV development in local government and to increase the allocation for fixed asset inventory and PI database development
- That the proposed assumptions about:
 - The treatment of secondment income
 - The BV cost centre for payments to auditors be reduced to £100,000
 - Reduced senior management costs
 - £100,000 higher level of income assumed for Audit Services
 - Reducing the Audit Services central government and health staffing budgets by £134,000
 - Reducing the corporate training budget by £50,000
 - Reducing the corporate recruitment and selection budget by £50,000

4. Procurement guidance

It was agreed to recommend the revised procurement guidance to the Board.

5. Other business

It was agreed to defer discussion of the items on equalities duties, age discrimination (retirement policy and reward policy) and the equal pay

Action

Russell

survey to the next meeting

MT agreed that any member of staff could participate in the development of the disability equality scheme.

6 Date of next meeting

The next meeting is on 19 September at 2.30pm

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 19 SEPTEMBER 2006

Present: Bob Black, Caroline Gardner, Diane McGiffen

Apologies: Russell Frith, Hugh Hall

| | <u>Action</u> |
|---|-----------------------|
| <p>1. Notes of previous meeting</p> <p>The notes of the meeting of 5 September, which had been circulated, were agreed as an accurate record.</p> | |
| <p>2. Restructuring and realignment</p> <p>There was discussion of the next stages of restructuring following Hugh's resignation and discussion at the Board Meeting on 19 September. It was agreed that Diane would draft a paper for discussion on the way forward which would cover:</p> <ul style="list-style-type: none">• Communication strategy• Programme of meetings with staff• Issues for MT awayday. | Diane |
| <p>3. Financing Assistant Director Posts in Performance Audit Group</p> <p>MT agreed to fund the assistant director posts through savings from the retirement of the Director of Central Government, and part of the unused 0.08 component of the Director of PA (NHS and Central Government).</p> | |
| <p>4. Equalities duties</p> <p>Following discussion of the paper on the new public sector duties on race, disability and gender, and the diversity action plan, which had been circulated, MT approved the diversity action plan.</p> | |
| <p>5. Anti-age discrimination legislation – retirement policy</p> <p>Following discussion of the paper from the HR/OD manager, which had been circulated, MT agreed to recommend the proposed retirement policy to the Board at its next meeting.</p> | Diane |
| <p>6. Anti-age discrimination legislation – impact on reward policy</p> <p>Following discussion of the paper from the HR/OD manager, which had been circulated, MT approved the proposals outlined in the paper and will approve the key project milestones once it receives a full scoping document.</p> | David Blattman |
| <p>7. Programme of best value reviews for Audit Scotland</p> <p>Following discussion, the proposals in the paper by the Director of Corporate Services were agreed, subject to the following amendments:</p> <ul style="list-style-type: none">• In 2007-08 there should be a review of resource use on a sectoral basis across Audit Scotland;• Subject to resource constraints, Assistant Directors would be given a corporate role in leading best value reviews | Diane |

- Each project plan and final report would be approved by Management Team.

MT noted the reviews underway in 2006-07:

- Corporate printing provision
- Correspondence and complaints handling
- Best value Audit Scotland
- Programme and project management in Corporate Services
- ICT provision.

8. Best value review of correspondence

MT noted the project outline for this work and looks forward to receiving the final report.

9. Equal pay survey

MT noted the contents of the equal pay survey.

10. Date of next meeting

The next meeting is on 26 September 2006 at 2.30pm when the main item will be preparation for the SCPA meeting.

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 26 SEPTEMBER 2006

Present: Bob Black, Caroline Gardner, Russell Frith, Diane McGliffen

James Gillies joined the meeting for items 3 and 4.

1. Notes of Previous Meeting

The notes of the meeting on 19 September, which had been circulated, were agreed as an accurate record.

2. Realigning our structure

Caroline updated MT on recent discussions with Directors and Assistant Directors on the new structure. It was agreed to schedule further discussion at the MT awayday on 26 and 27 October.

3. SCPA Meeting

MT reviewed the briefing papers which had been circulated for the SCPA meeting.

4. AGS calendar

James tabled copies of the AGS calendar of forthcoming diary events and meetings. Following discussion it was agreed to retain this as a monthly item on the MT agenda.

5. Audit Planning

Further discussion was deferred until the MT awayday.

6. Date of next meeting

The next meeting is at 2.30pm on Tuesday 24 October 2006.

Action

All

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 24 OCTOBER 2006

Present: Bob Black; Caroline Gardner; Russell Frith; Diane McGiffen

Gordon Smail and Fraser McKinlay joined the meeting for item 3.

Fraser McKinlay and David Henning joined the meeting for item 4.

1. Notes of previous meeting

The notes of the meeting of 25 September, which had been circulated, were agreed as an accurate record.

2. Planning our work and the awayday

It was agreed to defer discussion of the following items to the awayday on 26/27 October 2006:

- Draft revised Code of Audit Practice
- Ethical Standards
- Risk Register update
- Regrading recommendation for administrator posts

3. Efficient Government: VFM indicators for Corporate Services

Gordon Smail introduced the report on the joint audit agency work on VFM Indicators for Corporate Services, which had been circulated. MT welcomed the update on the project, and following discussion it was agreed that:

- Audit Scotland was committed to supporting continuation of this work in some form, pending further discussions with the other audit agencies. Gordon should provide a further update to MT following discussion.
- A paper should be prepared for the Public Audit Forum Heads of Agencies next meetings proposing a way forward for this work.

Fraser McKinlay updated MT on Audit Scotland's participation in the benchmarking data for the project

It was agreed that following further exchange of benchmarking information, Fraser should prepare a detailed report to MT.

Gordon Smail left the meeting.

4. Information and Knowledge Management – recommendation on EDRMS

Fraser presented an overview of the information and knowledge management strategy before introducing the report recommending the appointment of Fabasoft as preferred EDRMS supplier so that detailed negotiations could be instigated.

The report outlined the procurement process that had been

Action

**Caroline/Gordon
Smail**

**Diane/Fraser
McKinlay**

Diane

undertaken under the OJEU process, cost and value for money factors and product features.

Following discussion, MT agreed under the scheme of delegation to recommend the report to the Board.

Fraser McKinlay and David Henning left the meeting.

5. Credit Card Use in Audit Scotland

Diane introduced the report, which had been circulated. Following discussion, it was agreed to a limited extension of company credit cards within agreed limits, as set out in the report. It was agreed that:

Diane

- Diane and Russell would hold credit cards at MT level
- Discussions with Directors would take place to assess their needs
- Extend credit cards with £500 limits to key operational members of staff, as set out in the report.
- That all the above changes would be implemented only after internal audit review of the procedures.

6. Monthly Correspondence Report - September

MT noted the report, which had been circulated.

7. VAT update

Russell updated MT on recent discussions with Customs and Excise on Audit Scotland's VAT status and the potential for a partial dispensation and rebate. MT welcomed this positive development. It was agreed that, pending further discussions with Customs and Excise, Russell would prepare a detailed report on the implications and options of this dispensation and rebate, along with options for implementing the agreed fee strategy.

Russell

8. Refurbishment update

Diane updated MT on progress on appointing a contractor to refurbish 18 George Street following the approval of the Board to proceed to interview two contractors. She reported that a report from the project manager recommending an appointment would be circulated to the Board by correspondence, as agreed. Diane will provide a detailed report on the timetable for the work following Board approval and further discussion with the appointed contractor.

Diane

9. Date of next meeting

The MT awayday meeting takes place on 26/27 October at the Stirling Management Centre.

S

The next scheduled MT business meetings are at:

- 2.30pm on 7 November 2006
- 10.00am on 14 November 2006
- 2.30pm on 21 November 2006.

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 27 OCTOBER 2006

Present: Bob Black, Caroline Gardner, Russell Frith, Diane McGiffen

| | <u>Action</u> |
|---|---------------|
| <p>Items deferred from 24 October meeting</p> <p>1. Ethical Standards</p> <p>Following discussion of the paper by the Director of Audit Strategy on Ethical Standards, MT agreed:</p> <ul style="list-style-type: none">• That the Ethical Standards, as issued by the APB should apply in principle to all work undertaken by Audit Scotland and therefore the standards should apply to all staff;• That Russell Frith should carry out the role of the Ethics Partner• That the sections of the report covering Financial, Business, Employment and Personal Relationships should be incorporated into the staff handbook, as suggested, <p>It was agreed that the policies should be applied to the departure of the Managing Director. Therefore, it was agreed that Audit Strategy would look for a firm to assume the audit of Scottish Enterprise.</p> <p>It was agreed that Russell would prepare a further paper for MT proposing arrangements for the adoption of the rest of the Ethical Standards.</p> | Russell |
| <p>2. Draft Revised Code of Audit Practice</p> <p>Russell introduced his paper, which had been circulated. Following discussion it was agreed that</p> <ul style="list-style-type: none">• MT members would provide Russell with detailed individual comments• the draft code would be revised to take account of the new equalities duties as they apply to auditors' work• the draft should proceed to the Accounts Commission for discussion• a further briefing session be arranged for the Auditor General• Final approval would be sought in February to the revised code from the Accounts Commission and the Auditor General. | Russell |
| <p>3. Regrading recommendation for administrator posts</p> <p>Following discussion, it was agreed to upgrade the following posts from A to B, following review and independent job evaluation:</p> <ul style="list-style-type: none">• The office services administrators role from grade A to B• The Human Resource Administrator role from grade A to B• The Corporate Finance Administrator role from grade A to B | |

- The BV Administrator role from Grade A to B

It was agreed that all regarding would be back-dated to 1 April 2006.

On the office service administrator roles, it was noted that the regarding were designed to ensure that staff carried out a mixed variety of tasks and therefore there would be greater opportunity for development and flexibility, as well as improving customer service.

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 7 NOVEMBER 2006

Present: Bob Black, Russell Frith, Diane McGiffen, Gavin Stevenson (representing Caroline Gardner)

Apologies: Caroline Gardner

Fraser McKinlay and Andy Anderson joined the meeting for item 3.

Fraser McKinlay and Alex Devlin joined the meeting for item 4.

James Gillies joined the meeting for item 6.

| | <u>Action</u> |
|---|--------------------|
| <p>1. Notes of previous meetings</p> <p>The notes of the meetings of 24 and 27 October 2006, which had been circulated, were agreed as an accurate record.</p> | |
| <p>2. Gavin Stevenson</p> <p>Bob Black welcomed Gavin to the MT meeting in place of Caroline Gardner.</p> | |
| <p>3. International Work</p> <p>Andy Anderson introduced the paper on international work, which had been circulated. MT welcomed the paper, and following discussion agreed that:</p> <ul style="list-style-type: none">• Our approach to undertaking and co-ordinating international audit work should be more structured, as outlined in the paper• That we should proceed to discuss the potential for formal partnership working arrangements with the National Audit Office and statutory audit agencies• That we should adopt an incremental approach to this work, as outlined in the paper, and following further discussions about resourcing• That in the short-term a small group should be established to take these actions forward, and should report back to MT once it has a more detailed assessment of the potential demand and opportunities for this work• That a communication plan with stakeholders should be established. <p>Andy Anderson left the meeting.</p> | Fraser McKinlay |
| <p>4. Financial and Performance Reporting – quarter 2</p> <p>Alex Devlin introduced the detailed report on finances and performance, which had been circulated, and highlighted the changes that had been made to the report to improve its clarity.</p> <p>MT noted that:</p> <ul style="list-style-type: none">• fee income was ahead of budget for the inhouse teams and the firms, but that this is mostly a timing issue• variances on Public Reporting consultancy and in Corporate Services again mostly relate to timing, but will be explored further in the quarter 3 report. | |

- 100% of NHS health board accounts were processed by 19 August
- 97% of local authority accounts were had certificates dated by the 30 September deadline
- 100% of other local government accounts had certificates dated by the 30 September deadline
- Performance indicator 19 on budget monitoring reports had not been met due to teething issues with the new system and some delays in information receipt. Following discussion about the impact on the business of late distribution of reports, and discussion about the inclusion of forecasting information in the reports to be issued in November, MT noted the assurance that the deadline would be met in November.

Alex Devlin and Fraser McKinlay left the meeting.

5. Code of Audit Practice Update

Russell updated MT on the revised Code of Audit Practice and the next phases in consultation on it. MT welcomed the draft document.

6. Publication Schedule

James joined the meeting to provide an update on the forward publication schedule. MT noted that the planned programme until the election embargo is very heavy and it was agreed to have further discussions about what must be delivered before the embargo.

7. External Audit Report on Fees

Russell updated MT on the draft external audit report on fees which he had recently reviewed and on his forthcoming meeting with the external auditor.

8. Internal Audit Study Programme

Diane updated the group on internal audit activity in this financial year and the need to agree a programme with the Audit Scotland Audit Committee. She reported that she would be meeting with the internal auditor on 16 November.

9. Date of next meeting

The dates and times of the next meetings of MT are:

10.30 am on 14 November

2.30 pm on 21 November.

Caroline

AUDIT SCOTLAND MANAGEMENT TEAM

MINUTE OF MEETING HELD ON 14 NOVEMBER 2006

Present: Bob Black, Russell Frith, Diane McGiffen, Gavin Stevenson (for Caroline Gardner)

Apologies: Caroline Gardner

Angela Cullen joined the meeting for items 7 and 8.

| | <u>Action</u> |
|---|---------------|
| <p>1. Notes of previous meeting</p> <p>The notes of 7 November 2006, which had been circulated, were agreed as an accurate record.</p> | |
| <p>Further to the minutes, it was noted on International Work, that MT should receive a report on progress by the end of February 2007.</p> | FMcK |
| <p>2. Audit Scotland Risk Register</p> <p>Russell introduced the draft paper on the risk register, which had been previously circulated.</p> | RF |
| <p>All risks were reviewed and actions against them discussed. Russell agreed to update the paper to present to the next Audit Scotland Board. Changes agreed include:</p> <ul style="list-style-type: none">• Actions on quality to mitigate the risk of inconsistent findings between different parts of our work• Recognising the need to plan for succession and cover for absence now that the management structure has been streamlined• Enhancing our processes to support increased delegation of authority• Maintaining Freedom of Information as a risk, but with no further action in recognition of the now established processes• Expanding the risk around 18 George Street refurbishment to recognise the potential impact on productivity• Including more specific timetable for assessing the impact of the modernised Audit Scotland• Adding to the actions on staff training to incorporate as a mitigating action the annual review of PDS and learning and development.• Changing the nature of the IT risk to focus more on achieving effective use of technology. | |
| <p>3. Internal Audit Programme</p> <p>Diane tabled the paper from Chiene and Tait proposing the internal audit programme to the end of the financial year. Following discussion, it was agreed that the programme should be more clearly related to the revised risk register and that Diane should liaise with Chiene and Tait on this, before sending the proposal to the Audit</p> | |

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| | Scotland Audit Committee. | |
| 4. | Internal audit report – Project Management – performance audit MT welcomed the substantial assurance provided by the report and noted the recommendations. | |
| 5. | Business Continuity Planning – influenza pandemic Diane introduced the paper on a draft influenza pandemic plan for Audit Scotland. MT welcomed the paper and commended Alex Devlin for documenting the issues so clearly. Following discussion it was agreed to provide any final comments to Diane and that, following discussion with the Health and Safety Committee, the business continuity plan should be updated. | DM |
| 6. | Disability Equality Scheme Diane tabled copies of the draft scheme. MT welcomed the draft and agreed to provide comments to Diane by Monday 20 th November at the latest. MT recorded their thanks to the team of staff taking forward the work on diversity. | All |
| 7. | Intelligence report on Key Issues in the Central Government Sector Angela Cullen introduced the update report which had been circulated. Following discussion, the report was noted. | |
| 8. | Correspondence report Angela introduced the October Correspondence report which had been circulated. Following discussion, the report was noted. Angela left the meeting. | |
| 9. | External Audit Report Russell provided an update on the finalisation of the external audit report. | |
| 10. | Date of next meeting The next meeting is at 2.30pm on 21 November 2006. | |