



**MINUTES OF AUDIT SCOTLAND BOARD  
MEETINGS 2011**

Minutes of Meeting of **Audit Scotland** held in the offices of Audit Scotland, 110 George Street, Edinburgh on **Thursday, 27 January 2011** at the **conclusion of the Audit Committee**

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

APOLOGIES: None

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

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Declarations of Interest
3.	Welcome by the Chair
4.	Minutes of the meeting of <ul style="list-style-type: none"><li>• Audit Scotland Board dated 5 November 2010</li><li>• Remuneration Committee dated 22 November 2010</li><li>• Audit Committee dated 3 June and 23 September 2010</li></ul>
5.	Matters arising from the minutes
6.	Business Continuity Plan Version 6
7.	Financial and Performance Report – Quarter 3 Results
8.	Audit Procurement
9.	Voluntary Early Release Arrangements (VERA)
10.	Accounts Commission Chair's Report
11.	Accountable Officer's Report
12.	Any other business
13.	Date of Next Meeting

1. Apologies

There were no apologies given.

2. Declarations of Interest

It was noted that there were no declarations of interest.

3. Welcome by the Chair

Ronnie Cleland welcomed members to the meeting in his new role as Chair. He expressed his considerable appreciation of John Baillie's achievements as his predecessor. The Chair thanked John Baillie for his support and for his kind and generous words in the message to staff at Audit Scotland.

John Baillie extended a personal welcome to Ronnie Cleland in his new role as Chair and expressed his confidence and delight in his appointment. He also expressed his thanks to Bob Black and all the members of the Audit Scotland team who had provided valuable support, advice and counsel during his tenure as Chair.

4. Minutes

The minutes of the meeting dated 5 November 2010 were submitted and approved.

The minutes of the Remuneration Committee dated 22 December 2010 were submitted and approved.

The confidential minutes of the Remuneration Committee dated 22 December 2010 were submitted and approved.

The minutes of the Audit Committee dated 3 June 2010 were submitted and approved.

In addition, the minutes of the Audit Committee dated 23 September 2010, which had been approved earlier at the Audit Committee's meeting on 27 January 2011, was submitted and approved.

It was agreed that subject to the approval by the Audit Committee, Audit Committee minutes would be submitted for approval to the Board at the earliest meeting, following their circulation.

5. Matters Arising from the Minutes

**Corporate Plan & Priorities (Item 5)**

The Chief Operating Officer provided a verbal update on the development of the new corporate plan and priorities. Following discussion, the Board agreed that the publication date for the next corporate plan should be autumn 2011, to coincide with the start of the next audit year and the new audit appointments.

**Financial and Performance Report – Quarter 2 (Item 6)**

It was noted that the Remuneration Committee had approved the report on voluntary early release options at its December meeting.

### **Code of Data Matching Practice (Item 7)**

It was noted that the Assistant Auditor General had published the Code of Data Matching Practice and that it had, in the month of publication, become the most downloaded document from Audit Scotland's website. The Board congratulated all those involved.

### 6. Business Continuity Plan

There was submitted a report by the Chief Operating Officer inviting approval of Version 6 of Audit Scotland's Business Continuity Plan. The Board noted the main changes to the Business Continuity Plan, including:

- arrangements should there be a continued disruption to the electronic working papers package
- changes to staff with business continuity responsibilities
- changes to external organisations.

The Board noted that a major incident plan would be established over the coming year.

Following discussion, the Board approved Version 6 of Audit Scotland's Business Continuity Plan.

### 7. Performance and Financial Report – Quarter 3 Results

#### ***David Hanlon joined the meeting***

David Hanlon joined the meeting and provided an updated on the quarter three results which had been considered at Management Team on 25 January 2011.

David Hanlon confirmed that the forecast position for the year end was that there would be £1.4 million uncommitted against budget, and confirmed that the resources were available to meet the financial demands of voluntary early release requests.

#### ***Action( s)***

- ***Quarter 3 results to be presented in full at the February meeting***
- ***Report on the VERA scheme to be presented to the Remuneration Committee in March (Chief Operating Officer)***

#### ***David Hanlon left the meeting.***

### 8. Audit Procurement

The Assistant Auditor General provided a verbal update on the progress of the audit procurement exercise and outlined the decisions that had been taken at a recent meeting of the Procurement Panel to interview ten.

The Board also received a briefing on the potential for price competition to deliver benefits to the cost of public audit.

### 9. Voluntary Early Release Arrangements (VERA)

The Chief Operating Officer provided a verbal update on progress with the Voluntary Early Release Scheme.

It was noted that there had been 23 expressions of interest and that the Voluntary Early Release Scheme had been approved by the Cabinet Office. This was necessary for members of the principal civil service scheme pension to be able to participate fully in the scheme.

The Chief Operating Officer also outlined the ongoing work to process and consider the business cases for the expression of interests that had been made, and the consideration that was being given to ensuring suitable departure arrangements for long-serving members of staff.

10. Accounts Commission Chair's Report

The Chair of the Accounts Commission submitted a report advising the Board on the recent activity of the Accounts Commission. John Baillie highlighted in particular the recent first public meeting of the Accounts Commission.

The Board noted the report.

11. Accountable Officer's Report

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

The Board noted the report.

12. Any Other Business

***Fraser McKinlay joined the meeting***

12.1 Ronnie Cleland provided an update to the Board of discussions with the Parliamentary Corporate Body on the vacant non-executive appointment to the Audit Scotland Board.

12.2 Fraser McKinlay joined the meeting and provided an informal briefing on best value and scrutiny improvement. The Chair thanked Fraser McKinlay for his presentation.

***Fraser McKinlay left the meeting***

13. Date of the next meeting

The next Audit Scotland Board meeting will be held on:

- Thursday, 24 February at 10.00hrs and will be held in the **Boardroom** at **110GS**.

Minutes of Meeting of  
**Audit Scotland** held in  
the offices of Audit  
Scotland, 110 George  
Street, Edinburgh on  
**Thursday, 24 February  
2011 at 10.00hrs**

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

APOLOGIES: None

IN ATTENDANCE: D McGiffen, Chief Operating Officer  
R Frith, Assistant Auditor General  
D Hanlon, Finance Manager  
A Devlin, Corporate Planning & Data Protection Officer

<b><u>Item No</u></b>	<b><u>Subject</u></b>
1.	Apologies
2.	Declarations of Interest
3.	Chair's Report
4.	Minutes of the meeting of • Audit Scotland Board dated 27 January 2011
5.	Matters arising from the minutes
6.	Corporate Plan
7.	Public Services Reform (Scotland) Act
8.	Royal Wedding Bank Holiday
9.	Risk Maturity Action – Board Reports
10.	Performance and Financial Report – Quarter 3 Results
11.	Accounts Commission Chair's Report
12.	Accountable Officer's Report
13.	Any other business
14.	Date of Next Meeting

1. Apologies

There were no apologies given.

2. Declarations of Interest

It was noted that there were no declarations of interest.

3. Chair's Report

Ronnie Cleland provided a verbal report to Board members on his activities since the previous meeting.

He updated Board members on the SCPA's progress in recruiting a further non-executive Board member, and about his meetings with members of Audit Scotland's Management Team.

4. Minutes

The minutes of the meeting dated 27 January 2011 were submitted and approved. Subject to amending section 4 to reflect that Audit Committee minutes are approved by the Audit Committee, rather than the Chair.

5. Matters Arising from the Minutes

**Performance and Financial Report – Q3**

These were discussed at item 10.

6. Corporate Plan

There was submitted a report by the Chair on the Corporate Plan, which had been previously circulated.

The Chair also tabled a summary of strategy, organisational and product development issues for consideration as the Corporate Plan develops which had emerged from discussions with members of Audit Scotland's Management Team.

Bob Black outlined a series of strategic issues that set the context for the development of Audit Scotland's Corporate Plan and would influence the strategy for public audit over the next five years.

Following detailed discussion, it was agreed that the development of the Accounts Commission's strategy and the Audit Scotland's Corporate Plan needed to be carefully managed and aligned.

John Baillie discussed the arrangements for the Accounts Commission Strategy Seminar and outlined the process through which the Accounts Commission's strategy would be developed.

It was agreed that following the Accounts Commission Strategy Seminar, John Baillie would provide a briefing for the Board on the key issues that had emerged for discussion, and that an early draft of the Accounts Commission's strategy would also be provided to the Board for discussion.

Action(s)

- **John Baillie to update the Board on the Accounts Commission's strategy seminar and provide an early draft of the Commission's strategy.**

It was also agreed that the Chief Operating Officer should provide a timetable for key milestones for the development of Audit Scotland's new Corporate Plan so that the engagement of clients and stakeholders, including audit firms could be set out.

**Action(s)**

- **Diane McGiffen to prepare a Corporate Plan timetable for the next meeting.**

7. Public Services Reform (Scotland) Act

**David Hanlon (Finance Manager) and Alex Devlin (Corporate Planning Officer) joined the meeting.**

There was submitted a report by the Chief Operating Officer on the Public Services Reform (Scotland) Act, which had been previously circulated.

The Chief Operating Officer outlined the requirements for Audit Scotland under the Act and Alex Devlin provided a demonstration of the web content that would support the publication of the data on expenditure required under the Act.

Following discussion, the Board

- noted Audit Scotland's duties under the Act,
- approved the use of Audit Scotland's website as a principal method of publication with the required information
- approved the publication of expenditure information as detailed in the report,
- agreed that the Chief Operating Officer would oversee the publication process and review all information prior to publication.

**David Hanlon and Alex Devlin left the meeting.**

8. Royal Wedding Bank Holiday

There was submitted a report by the Chief Operating Officer on the Royal Wedding bank holiday, which had been previously circulated.

Following discussion, the Board approved the additional bank holiday and agreed that it should be treated as a fixed day since it relates to a specific event occurring in 2011.

**Action(s)**

- **It was agreed that the Chief Operating Officer would communicate this to colleagues.**

9. Risk Maturity Action – Board reports

There was submitted a report by the Assistant Auditor General on Audit Scotland's response to an internal audit recommendation for a standard Board template.

Following discussion, it was agreed that a section on "Associated Risks" should be incorporated into all reports requiring a decision from the Board and that report authors should succinctly highlight the main risks associated with the course of action being recommended.



**Action(s)**

- ***The Chief Operating Officer to amend and update the requirements for Board reports.***

10. Performance and Financial Report – Quarter 3 Results

***David Hanlon, 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 2010.

The Finance Manager update the Board following the verbal update provided at the February meeting. The Board noted the continuing reduction in sickness absence and the ongoing work of managers and colleagues in this area

***David Hanlon left the meeting***

11. Accounts Commission Chair's Report

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

The Board noted the report.

12. Accountable Officer's Report

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

The Board noted the report.

13. Any Other Business

There was no other business.

14. Date of the next meeting

The next Audit Scotland Board meeting will be held on:

- **Thursday, 24 March at in the Boardroom at 110GS** immediately following the Remuneration Committee.

Minutes of Meeting of  
**Audit Scotland** held in  
the offices of Audit  
Scotland, 110 George  
Street, Edinburgh on  
**Thursday, 24 March  
2011 at 10.00hrs**

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

APOLOGIES: None

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

<b><u>Item No</u></b>	<b><u>Subject</u></b>
1.	Apologies
2.	Declarations of Interest
3.	Chair's Report
4.	Minutes of the meeting of • Audit Scotland Board dated 24 February 2011
5.	Matters arising from the minutes
6.	Audit Scotland Budget 2011/12
7.	Governance – Financial Regulations and Standing Orders
8.	Property Update
9.	Audit Procurement
10.	Corporate Plan 2011-14
11.	Accounts Commission Chair's Report
12.	Accountable Officer's Report
13.	Any other business
14.	Date of Next Meeting

1. Apologies

There were no apologies given.

2. Declarations of Interest

It was noted that there were no declarations of interest.

3. Chair's Report

The Chair, Ronnie Cleland, provided a verbal report to Board members on his activities since the February meeting, including attending the Accounts Commission's Strategy Seminar and discussing the conclusion of the appointment process for a board member by SCPA.

4. Minutes

The minutes of the meeting dated 24 February 2011 were submitted and approved, subject to the revision of page 4, section 10: The Board noted the continuing reduction in sickness absence and the ongoing work of managers and colleagues in this area.

5. Matters Arising from the Minutes

All matters arising in agenda items were covered.

6. Audit Scotland Budget 2011/12

***David Hanlon, Finance Manager, joined the meeting.***

There was submitted a report by the Chief Operating Officer and the Assistant Auditor General on Audit Scotland's Budget 2011/12, which had been previously circulated.

The Finance Manager outlined the key changes to the proposed 2011/12 budget from that approved by the Scottish Commission for Public Audit in December 2010, as part of a four year plan to reduce the cost of audit by 20% over four years. Key assumptions that had changed since that bid include:

- Employer National Insurance thresholds
- Low pay assumptions
- Fees payable to approved auditors.

The Board noted the most significant change of an anticipated £465K benefit during the financial year from lower fees for auditors as a result of the procurement exercise.

Following discussion, the Board noted the contents of the report and approved Audit Scotland's revised budget for 2011/12.

7. Governance – Financial Regulations and Standing Orders

There was a report submitted by the Chief Operating Officer setting out proposed revisions following the annual review of the Financial Regulations and Standing Orders, which had been previously circulated.

The Board noted that the revisions reflect changes that had occurred during the year to job titles and roles and the impact of the Public Services Reform (Scotland) Act 2010.

The Board approved the revisions to Audit Scotland's Financial Regulations and Standing Orders and requested a further drafting change to paragraph 2 of the Standing Orders to reflect the appointment process for the Chair.

**Action(s)**

- **Chief Operating Officer to amend and issue revised Financial Regulations and Standing Orders.**

8. Property Update

There was submitted a report by the Chief Operating Officer on Audit Scotland's current property portfolio and longer-term strategy on property, which had been previously circulated.

Following discussion, the Board noted the phasing of office relocations and break options in leases.

**David Hanlon, Finance Manager, left the meeting.**

9. Audit Procurement

The Assistant Auditor General gave a verbal update on the audit procurement process which took place in February. He reported that the anticipated annual savings for the procurement exercise would be £1.2m and that he would prepare a detailed report for the May meeting.

**Action(s)**

- **Assistant Audit General to prepare a detailed report on the outcome of the procurement exercise.**

10. Corporate Plan 2011 - 14

There was submitted a report by the Chief Operating Officer on Audit Scotland's Corporate Plan 2011-14, which had been previously circulated.

The report outlined the key milestones in the development of the Corporate Plan which the Board noted and approved.

It was noted that alignment between the development of the Accounts Commission strategy and the Audit Scotland strategy was essential.

**Action(s)**

- **Accounts Commission, Auditor General and Chair of the Audit Scotland Board to ensure ongoing discussions and alignment of their strategies.**

11. Accounts Commission Chair's Report

The Chair of the Accounts Commission submitted a report advising the Board on the recent activity of the Accounts Commission. He outlined the Accounts Commission's plans to further refine its strategy and indicated that the Accounts Commission would share its strategy in draft with the Board. The Board noted the report.

**Action(s)**

- **Chair of the Accounts Commission, at an appropriate early meeting, to share a draft strategy with the Board.**

12. Accountable Officer's Report

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

The Board noted the report.

13. Any Other Business

John Maclean provided an update on expressions of interest in the internal audit procurement exercise and the Board confirmed its view that internal auditors should be appointed from an external supplier who has no other business relationship with Audit Scotland.

14. Date of the next meeting

**The next Audit Scotland Board meeting will be held on:**

- Thursday, 28 April **in the** Boardroom **at** 110GS immediately following the Audit Committee **meeting**.

Minutes of Meeting of  
**Audit Scotland** held in  
the offices of Audit  
Scotland, 110 George  
Street, Edinburgh on  
**Thursday, 28 April 2011**  
at the conclusion of the  
Audit Committee

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

APOLOGIES: None

IN ATTENDANCE: D McGiffen, Chief Operating Officer  
R Frith, Assistant Auditor General  
F Kordiak, Director of Audit Services Group

<b><u>Item No</u></b>	<b><u>Subject</u></b>
1.	Apologies
2.	Declarations of Interest
3.	Chair's Report
4.	Minutes of the meeting of
5.	Matters arising from the minutes <ul style="list-style-type: none"><li>• Audit Scotland Board dated 24 March 2011</li><li>• Remuneration Committee dated 24 March 2011</li></ul>
6.	Future of local public audit in England and Wales - Consultation
7.	Scottish Government Consultations on the future of Police and Fire & Rescue Services in Scotland
8.	Best Companies Staff Survey Results
9.	Stress Risk Assessment Results
10.	Voluntary Early Release Arrangement (VERA)
11.	Accounts Commission Chair's Report
12.	Accountable Officer's Report
13.	Any other business
14.	Date of Next Meeting

1. Apologies

There were no apologies given.

2. Declarations of Interest

It was noted that there were no declarations of interest.

3. Chair's Report

The Chair welcomed Katharine Bryan to the Audit Scotland Board following her appointment by the Scottish Commission for Public Audit (SCPA), effective from 1 April 2011.

The Chair introduced a report by the SCPA on the processes it would adopt should a Board member require to be removed from office.

The Board noted the arrangements.

4. Minutes

The minutes of the meeting dated 24 March 2011 were submitted and approved.

The Remuneration Committee minutes of 24 March 2011 were submitted and approved.

5. Matters Arising from the Minutes

All matters were covered in agenda items.

6. Future of Local Public Audit - Consultation

There was submitted a report by the Assistant Auditor General, which had been previously circulated, informing the Board of a consultation paper on the future of local public audit which had been published in March 2011 by the Department for Communities and Local Government.

The Board noted the consultation and agreed that the Assistant Auditor General should prepare a draft response on some of the technical issues raised in the report. It was agreed that the draft report should be circulated to the Board.

The Board noted the themes highlighted in the consultation paper and agreed to consider them further during the development of Audit Scotland's Corporate Plan.

Action(s)

- ***The Assistant Auditor General to prepare a draft response on some of the technical issues raised in the consultation paper on the future of local audit and circulate that to the Board on 9 June 2011.***

7. Scottish Government Consultations of the Future of Police and Fire & Rescue Services In Scotland

The Board noted the consultations and the arrangements for responding to them.

8. Best Companies Survey Results

The Chief Operating Officer submitted a report on the results of the Best Companies survey, which had been previously circulated.

The Board noted that Audit Scotland had retained its One to Watch status, during a challenging year and discussed the results across each area of the survey. The Board discussed the progress made since the survey was undertaken in November and the actions planned, particularly on the creation of a refreshed vision for Audit Scotland and the work to create a secure financial future for the organisation.

9. Stress Risk Assessment Results

***Fiona Kordiak, Director of Audit Services Group joined the meeting.***

The Director of Audit Services submitted a report on the results of the recent Stress Risk Assessment Staff Survey, which had been previously circulated.

The Board welcomed the stress risk assessment results and noted the favourable comparisons between Audit Scotland and benchmark data, and also the range of results across Audit Scotland's business groups.

The Board welcomed the action that had been taken to promote awareness of support available for those experiencing stress and considered the results alongside the wellbeing results from the Best Companies survey.

The Board noted the plans to repeat the survey as appropriate, but not annually, and welcomed the assurance provided by the independent report.

10. Voluntary Early Release Arrangement (VERA)

The Chief Operating Officer submitted a report, which had been previously circulated, detailing the 19 offers made and the 17 offers accepted through the VERA scheme. The Board noted that the estimated cost of the 17 early release arrangements was £776k, generating net savings of £967k over the three year period used to assess the business cases. The Board also noted that annual savings of £598k that would be generated from April 2012.

The Board noted the work underway to maximise the opportunities created through the VERA scheme and that a further report would be prepared for the Board on this later in the year.

***Action(s)***

- ***The Chief Operating Officer to report on the development and career opportunities created through the VERA scheme.***

11. Accounts Commission Chair's Report

The Chair of the Accounts Commission submitted a report, which had been previously circulated, advising the Board on the recent activity of the Accounts Commission. The Board noted the report.



12. Accountable Officer's Report

The Accountable Officer submitted a report, which had been previously circulated, updating the Board on progress at Audit Scotland since its last meeting. The Board noted the report.

13. Any Other Business

There was no other business.

14. Date of the next meeting

It was noted that the next Audit Scotland Board meeting would be held on **Thursday, 26 May** at **10.00hrs** in the Boardroom at 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 May 2011**  
at the conclusion of the  
Audit Committee

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

APOLOGIES: J Maclean

IN ATTENDANCE: D McGiffen, Chief Operating Officer  
R Frith, Assistant Auditor General  
Angela Cullen, Assistant Director, Performance Audit Group  
Lynn Bradley, Director of Corporate Programmes  
David Hanlon, Finance Manager  
Simon Ebbett, Communications Officer

<b><u>Item No</u></b>	<b><u>Subject</u></b>
1.	Apologies
2.	Declarations of Interest
3.	Chair's Report
4.	Minutes of the meeting of <ul style="list-style-type: none"><li>• Audit Scotland Board dated 28 April 2011</li></ul>
5.	Matters arising from the minutes <ul style="list-style-type: none"><li>• Audit Scotland Board dated 28 April 2011</li></ul>
6.	Performance and Financial Report - Quarter 4 Report 2010/11
7.	Audit Scotland Annual Report
8.	Publication Scheme
9.	Development of the Performance Audit Rolling Programme
10.	Carbon Management Annual Report
11.	Accounts Commission Chair's Report
12.	Accountable Officer's Report
13.	Any other business
14.	Date of Next Meeting

1. Apologies

Apologies were given by John Maclean.

2. Declarations of Interest

It was noted that there were no declarations of interest.

3. Chair's Report

The Chair provided an update on his recent activity, including a meeting with Caroline Gardner, Deputy Auditor General, currently on secondment, and recording a podcast for the forthcoming Connect Conferences for staff.

4. Minutes

The minutes of the meeting dated 28 April 2011 were submitted and approved.

5. Matters Arising from the Minutes

5.1 **Future of Local Public Audit – Consultation**

It was noted that the Assistant Auditor General will circulate a draft response to the consultation for the June Board meeting.

5.2 **VERA Scheme**

The Chief Operating Officer informed the Board of forthcoming discussions at Management Team on workforce flexibility, and that following these discussions a report would be prepared for the Board setting out the approaches that would be deployed to gain maximum benefit for Audit Scotland from the vacancies generated by the VERA scheme, and to prepare for further restructuring.

5.3 **Police, Fire and Rescue consultations**

It was agreed that the Chief Operating Officer should circulate the responses that had been submitted to the Scottish Government consultations on police, fire and rescue services.

6. Performance & Financial Report – Quarter 4 2010/11

***David Hanlon, Finance Manager, joined the meeting.***

There was submitted a report by the Chief Operating Officer, which had been previously circulated. The report summarised the draft financial results to 31 March 2011 in draft form, pending any adjustments required under International Accounting Standard 19 on pensions, or provisions for potential VAT liabilities.

The Finance Manager provided an update on the progress of the external audit, the latest actuarial information on the necessary pension adjustment and an outline of the main areas where expenditure during the year varied significantly from budget. The Board noted that the results showed that Audit Scotland had made faster progress than anticipated on its four year financial plan, and there was discussion of the sustainability of the current and planned resourcing model.

The Finance Manager detailed the main factors that contributed to the progress that had been made, including the fast progress made in the final year of audit appointments, the financial benefits of secondments, the cumulative benefits of the freeze on recruitment and pay, the limited use of provision for consultancy costs and lower costs of running the business because of lower staff numbers.

The Board noted the contents of the report, the update provided on pension adjustments and that good progress was being made by the external audit.

***David Hanlon left the meeting.***

## **7. Audit Scotland Annual Report**

***Simon Ebbett joined the meeting.***

The Chief Operating Officer submitted the final draft of the Audit Scotland Annual Report, which had been previously circulated and thanked the Board for their comments on an earlier version. The Board noted the publication date of 22 June 2011.

Following discussion, the Board approved the annual report for publication, subject to minor corrections and the incorporation of the financial data from the annual accounts once the audit has been concluded.

### **Action(s)**

- **The Chief Operating Officer to arrange for the publication of the Annual Report.**

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

## **8. Publication Scheme**

The Chief Operating Officer submitted a report on our Freedom of Information Publication Scheme, which had been previously circulated.

The Board noted the comprehensive changes to the Freedom of Information Publication Scheme and approved it for publication on the Audit Scotland website on 31 May 2011.

### **Action(s)**

- ***The Chief Operating Officer to publish the Publication Scheme on the Audit Scotland website by 31 May 2011.***

## **9. Development of the Performance Audit Rolling Programme**

***Angela Cullen, Assistant Director, Performance Audit Group joined the meeting.***

The Assistant Director, Performance Audit submitted a report on the development of the performance audit rolling programme for publication in 2012/13, which had been previously circulated.

The Board discussed the statutory responsibilities of the Accounts Commission and the Auditor General for the programme of performance audit work and noted that the programme represented a key element of the corporate plan.

Following discussion, the Board noted the contents of the report.

***Angela Cullen left the meeting.***

10. Carbon Management Annual Report

***Lynn Bradley, Director of Corporate Programmes joined the meeting.***

The Director of Corporate Programmes submitted the Carbon Management Annual Report, which had been previously circulated.

The Board noted the progress being made with the projects and the revised Carbon Management Plan.

***Lynn Bradley left the meeting.***

11. Accounts Commission Chair's Report

The Chair of the Accounts Commission submitted a report, which had been previously circulated, advising the Board on the recent activity of the Accounts Commission. The Board noted the report.

12. Accountable Officer's Report

The Accountable Officer submitted a report, which had been previously circulated, updating the Board on progress at Audit Scotland since its last meeting. The Board noted the report.

13. Any Other Business

There was no other business.

14. Date of the next meeting

The next Audit Scotland Board meeting will be held on:

- **Thursday, 9 June 2011** at the conclusion of the Audit Committee.

Minutes of Meeting of **Audit  
Scotland** held in the offices of Audit  
Scotland, 110 George Street,  
Edinburgh on **Thursday, 9 June  
2011** at the conclusion of the Audit  
Committee

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

APOLOGIES: K Bryan

IN ATTENDANCE: D McGiffen, Chief Operating Officer  
R Frith, Assistant Auditor General  
P Lodge, Senior Auditor/ International Liaison Manager

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Declarations of Interest
3.	Chair's Report
4.	Minutes of the meeting dated 26 May 2011
5.	Matters arising from the minutes
6.	Annual Report from the Audit Committee
7.	Draft Statutory Accounts
8.	Procurement of Internal Audit in Audit Scotland
9.	Equality and Diversity Annual Report
10.	International Work Annual Report
11.	Reshaping Audit Scotland
12.	Update to Corporate Policies
13.	Future of Local Public Audit Consultation
14.	Accounts Commission Chair's Report
15.	Accountable Officer's Report
16.	Any other business
17.	Date of Next Meeting

1. Apologies

Apologies were given by Katharine Bryan.

2. Declarations of Interest

It was noted that there were no declarations of interest.

3. Chair's Report

The Chair provided an update on his recent activities.

4. Minutes

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

5. Matters Arising from the Minutes

**Annual Report**

The Board noted the arrangements for publishing the Annual Report.

**Publication Scheme**

The Chief Operating Officer confirmed that the Publication Scheme had been made available on the Audit Scotland website by 31 May 2011.

6. Annual Report from the Audit Committee

The Chair of the Audit Committee introduced his Annual Report from the Audit Committee, which had been previously circulated and approved by the Audit Committee at the earlier meeting.

The Board welcomed the report and noted that on the basis of the work reviewed and progress made during 2010/11, 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

It was reported that the Audit Committee had met earlier in the day and had considered, in detail, the Annual Report and Accounts for 2010/11. It was agreed to accept the recommendation of the Audit Committee and approve the Annual Report and Accounts 2010/11.

8. Procurement of Internal Audit in Audit Scotland

The Chair of the Audit Committee introduced his report on the Procurement of Internal Audit in Audit Scotland, which had been previously circulated.

The Board approved the recommendation to appoint BDO LLP for the supply of internal audit services.

9. Equality and Diversity Annual Report

The Chief Operating Officer introduced the Equality and Diversity Annual Report 2010/11.

The report had been produced by the Equality and Diversity Steering Group and the covering report was presented by the Chair of the Equality and Diversity Steering Group, who was unable to attend the meeting.

The Board noted the good progress made in building equality and diversity into the work of Audit Scotland and noted the highlights detailed in the report.

Following discussion, the Board expressed its appreciation to all those involved in the production of the report and approved the report for publication on the Audit Scotland website.

Action(s)

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

10. International Work Annual Report

**Peter Lodge, Senior Auditor / International Liaison Manager joined the meeting.**

Peter Lodge introduced the International Work Annual Report from the Chair of the International Steering Group, which had been previously circulated.

The Board discussed the work undertaken during the year and following discussion the Board approved the report for publication on the Audit Scotland website.

Action(s)

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

**Peter Lodge, Senior Auditor / International Liaison Manager left the meeting.**

11. Reshaping Audit Scotland

The Chief Operating Officer introduced an update report on Reshaping Audit Scotland, which had been previously circulated.

The Board noted the progress that had been made on the plans for reshaping the business and the consideration given by Management Team on the next steps following the inclusions of the VERA scheme.

Following discussion, the Board noted the approaches that Management Team intended to deploy during the rest of the financial year to reshape the workforce and welcomed the progress that had been made so far.

12. Update to Corporate Policies

The Assistant Auditor General introduced his report updating the Ethical Standards Policy and the Code of Conduct, which had been previously circulated.

Following discussion, the Board approved revisions to both policies.



13. Future of Local Public Audit Consultation

The Assistant Auditor General introduced his paper on the Future of Local Public Audit Consultation in England, which had been previously circulated.

Following discussion, the Board noted the issues raised in the consultation paper.

The Board thanked the Assistant Auditor General for his report and agreed to consider any further comments on the consultation following discussion by the Management Team.

14. Accounts Commission Chair's Report

The Chair of the Accounts Commission gave a verbal update on progress since the previous meeting and tabled a copy of the Commission's draft Strategy.

Following discussion, it was agreed that the Board should consider the draft Strategy further at a future meeting.

It was agreed that the Management Team should also consider the draft Strategy.

**Action(s)**

- ***The Audit Scotland Board and Management Team to consider the draft Strategy.***

15. Accountable Officer's Report

The Accountable Officer gave a verbal report of his activities since the May meeting.

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 held on **Thursday, 18 August 2011** at **10.00hrs** in the Boardroom at 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, 18 August 2011** 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  
D Hanlon, Corporate Finance Manager  
F Mitchell-Knight, Audit Services Group People Management Lead  
B Hurst, Director of Performance Audit Group  
A Clark, Assistant Director, Best Value and Scrutiny Improvement

<b><u>Item No</u></b>	<b><u>Subject</u></b>
1.	Apologies
2.	Declarations of Interest
3.	Chair's Report
4.	Minutes of the meeting dated 9 June 2011
5.	Matters arising from the minutes
6.	Performance & Financial Update – Q1 Report 2011/12
7.	2011/12 Autumn Budget Revision
8.	2012/13 Budget – Initial Proposals
9.	BV Review of the Professional Trainee Scheme
10.	Corporate Plan Update
11.	Implications of the Christie Commission Report for Audit Scotland
12.	Audit Procurement Strategy – Post Tender Review
13.	Board and Audit Committee Meeting Planner for 2012
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

It was noted that there were no declarations of interest.

3. Chair's Report

The Chair provided an update on his recent activities, including attending a meeting of the Performance Audit team, the outcome of his performance assessment for the SCPA and a forthcoming feature in Abacus, the in-house newsletter on organ donation.

4. Minutes

The minutes of the meeting dated 9 June 2011 were submitted and approved as an accurate record.

5. Matters Arising from the Minutes

**Equality and Diversity Steering Group**

The Board noted that the Equality and Diversity Annual Report 2010/11 had now been published electronically.

**International Steering Group**

The Board noted that the International Work Annual Report 2010/11 had now been published electronically.

**Draft Strategy**

This item was discussed at Item 10.

6. Performance & Financial Update – Q1 Report 2011/12

**David Hanlon, Corporate Finance Manager, joined the meeting.**

There was submitted by the Chief Operating Officer an update report on the performance and financial position at Quarter 1.

John Baillie requested further information on the net liabilities reflected in the balance sheet.

Following discussion, the Board noted the report.

**Action(s):**

- ***David Hanlon to provide further information on net liabilities reflected in the balance sheet.***

7. 2011/12 Autumn Budget Revision

There was submitted a report by the Chief Operating Officer on the 2011/12 Autumn Budget Revision.

Following discussion, the Board approved the submission of a proposal to request £945k through End Year Flexibility to support fee rebates.

8. 2012/13 Budget – Initial Proposals

The Chief Operating Officer updated the Board on the outcome of the initial review of proposals for the 2012/13 Budget. David Hanlon tabled a briefing for the Board, which had been prepared following the budget review meeting held by Management Team on 16 August, and talked through the detail of the current draft proposals.

The Assistant Auditor General introduced a discussion about the options for rebasing indicative audit levels through this 2012/13 budget to address the imbalance that has developed in the allocation of audit days to smaller bodies as auditing requirements have grown.

The Board requested a more detailed briefing paper on the issues raised in advance of the next Board meeting.

**Action(s)**

- ***The Assistant Auditor General to prepare a briefing paper on the options for rebasing fees.***

**David Hanlon, Corporate Finance Manager, left the meeting.**

9. BV Review of the Professional Trainee Scheme

**Fiona Mitchell-Knight, Audit Services Group, People Management Lead joined the meeting.**

There was submitted a report on the Best Value Review of the Professional Trainee Scheme by the People Management Lead in the Audit Services Group.

Following discussion, the Board noted the decision, following an internal best value review, to move to the ICAS qualification for our professional trainee scheme. The Board restated its commitment to ensuring that Audit Scotland recruits the highest quality professional trainees and provides them with a high quality training package.

**Fiona Mitchell-Knight, Audit Services Group, People Management Lead left the meeting**

10. Corporate Plan Update

There was submitted an update report on the progress of the Corporate Plan from the Chief Operating Officer.

The Board discussed the draft vision and objectives set out in the report, and the opportunities to reflect governance, values and outcomes in the plan.

John Baillie introduced a discussion on the focus on improvement and the Accounts Commission's intention to focus on supporting improvement through audit.

It was agreed that there should be further discussion with the Chair of the Accounts Commission on the presentation of Audit Scotland's Corporate Plan to the Commission.

The Board noted the themes and priorities currently identified in the draft corporate plan and agreed to defer publication to late October.

**Action(s)**

- ***The Chief Operating Officer to discuss the corporate plan further with the Chair of the Accounts Commission.***

11. Implications of the Christie Commission Report for Audit Scotland

**Barbara Hurst, Director of Performance Audit Group and Antony Clark, Assistant Director, Best Value and Scrutiny Improvement, joined the meeting.**

There was submitted a report by the Director of Performance Audit Group on the implications of the Christie Commission report for Audit Scotland.

The Board discussed the recommendations made in the Christie Commission report and the extent to which Audit Scotland already had work underway that addressed, for example, assessment of the collective performance of public services and on promoting better, more consistent and transparent use of data.

John Baillie updated the Board on the Accounts Commission's response to a request from the Cabinet Secretary for Finance Employment and Sustainable Growth on options for auditing the outcomes from partnership working.

There was discussion about the timing and pace of potential developments in this area.

It was agreed that Barbara Hurst should update her report to provide an assessment of the potential risks for Audit Scotland in responding to the issues raised in the Christie report.

**Action(s)**

- ***The Director of Performance Audit Group to update the report to provide an assessment of the potential risks to Audit Scotland.***

**Barbara Hurst, Director of Performance Audit Group and Antony Clark, Assistant Director of Best Value and Scrutiny Improvement left the meeting.**

12. Audit Procurement Strategy – Post Tender Review

There was submitted a report by the Assistant Auditor General on the Audit Procurement Strategy – Post Tender Review.

Following discussion, the Board welcomed the review as an example of good practice and noted the conclusions. It was agreed that those conclusions would be revisited prior to the next exercise in 2015.

**Action(s):**

- ***The conclusions of the post tender review to be revisited prior to the next procurement exercise in 2015. Post tender reviews should be conducted where appropriate.***

13. Board and Audit Committee Meeting Planner for 2012

There was submitted a report by the Chief Operating Officer presenting the proposed meeting dates for 2012 for the Audit Scotland Board and the Audit Committee, which had been previously circulated.

It was agreed that there should be discussion of proposed dates, agendas and the remit of the Remuneration Committee.

The Board and Audit Committee dates were noted and agreed.

**Action(s):**

- ***The Chief Operating Officer to discuss Remuneration Committee dates, agendas and remit with the Chair of the Remuneration Committee.***

14. Accounts Commission Chair's Report

The Chair of the Accounts Commission gave a verbal update on progress since the previous meeting.

15. Accountable Officer's Report

The Accountable Officer gave a report of his activities since the June meeting.

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 held on **Thursday, 29 September 2011** 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, 29 September 2011** held 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, Director of Best Value and Scrutiny Improvement  
D Hanlon, Corporate Finance Manager  
L Bradley, Director of Corporate Programmes  
M Walker, Assistant Director, 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 <ul style="list-style-type: none"><li>• Audit Scotland Board dated 18 August 2011</li><li>• Audit Committee dated 9 June 2011</li></ul>
5.	Matters arising from the minutes
6.	2012/13 Budget Proposal and Fee Strategy
7.	Written Agreement between the Scottish Commission for Public Audit and Audit Scotland
8.	Audit of Community Planning Partnerships
9.	Knowledge Management Project
10.	Annual Review – Data Protection Policy
11.	Annual Review – Freedom of Information Policy
12.	Audit Scotland Conference 2011
13.	Board and Audit Committee Meeting Planner for 2012
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

It was noted that there were no declarations of interest.

3. Chair's Report

The Chair provided an update on his recent activities, including a recent meeting at the Scottish Parliament with the Chief Executive.

4. Minutes

The minutes of the meeting dated 18 August 2011 were submitted and approved as an accurate record.

The minutes of the Audit Committee meeting dated 9 June 2011 were submitted and approved.

5. Matters Arising from the Minutes

**Performance & Financial Update – Q1 Report 2011/12**

It was noted that the Corporate Finance Manager had provided further information on the VAT liabilities

**2012/13 Budget – Initial Proposals**

It was noted that the Assistant Auditor General had prepared a briefing paper on the options for fees.

**Corporate Plan**

It was noted that the Chief Operating Officer was still to discuss the corporate plan with the Chair of the Accounts Commission.

**Implications of the Christie Commission**

It was noted that the item on the Christie Commission had been overtaken by the proposals on the audit Community Planning Partnerships, which the Board would consider at item 8.

**Audit Procurement Strategy – Post Tender Review**

It was noted that the Assistant Auditor General would review the post-tender lessons prior to the next audit procurement exercise in 2015.

**Board and Audit Committee Meeting Planner for 2012**

The Board noted ongoing discussions on Remuneration Committee dates and agendas.

6. 2012/13 Budget Proposal & Fee Strategy

**David Hanlon, Corporate Finance Manager, joined the meeting.**

There was submitted a report by the Chief Operating Officer and the Assistant Auditor General setting out final proposals for approval for the 2012/13 budget, which had been previously circulated.



The Assistant Auditor General also presented an updated Fee Strategy for approval, which had been circulated.

The Board discussed the budget proposals in detail, and approved them for submission to the Scottish Commission for Public Audit (SCPA).

**Action(s):**

- ***The Chief Operating Officer to submit the budget proposals to the SCPA.***

**David Hanlon, Corporate Finance Manager, left the meeting.**

7. Written Agreement between the Scottish Commission for Public Audit and Audit Scotland

There was submitted a report by the Chief Operating Officer on the written agreement between the Scottish Commission for Public Audit and Audit Scotland, which had been previously circulated.

Following discussion, the Board noted the proposals and requested an update from the Chief Operating Officer following further discussion with the SCPA.

**Action(s):**

- ***The Chief Operating Officer to provide an update following further discussion with the SCPA.***

8. Audit of Community Planning Partnerships

**Fraser McKinlay, Director of Best Value and Scrutiny Improvement, joined the meeting**

There was submitted a report by the Chair of the Accounts Commission on the Audit of Community Planning Partnerships, which had been previously circulated.

The Chair of the Accounts Commission outlined recent correspondence with the Cabinet Secretary for Finance, Employment and Sustainable Growth and Fraser McKinlay updated the Board on work underway to prepare pilot sites for this work.

There was discussion on the opportunities presented by this work, the resourcing implications and the potential risks.

There was noted that the budget approved by the Board did not include additional resourcing for this work and therefore existing work-plans may need to be rescheduled once the scale and timing of the work was detailed.

It was noted that funding arrangements for the work should be considered as part of the development of the audit planning and the Board noted the challenges of developing an approach to partnership auditing whilst reducing the cost of audit by 20 per cent over four years.

**Action(s)**

- ***It was agreed that the Director of Best Value & Scrutiny Improvement should update the Board on the development of the project and should receive a report on risks associated with the project once further work had been undertaken.***

**Fraser McKinlay, Director of Best Value and Scrutiny Improvement, left the meeting**

9. Knowledge Management Project

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

There was submitted a report by the Assistant Director of Best Value and Scrutiny Improvement on the Knowledge Management Project, which had been previously circulated.

Martin Walker outlined the various strands of work set out in the report on changing some of the culture of the organisation.

Following discussion, the Board welcomed the project and requested a follow-up report in six months time.

**Action(s)**

- ***Martin Walker to provide a follow-up report to the Board at its April 2012 meeting.***

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

10. Annual Review – Data Protection Policy

There was submitted a report by the Chief Operating Officer on the annual review of Audit Scotland's Data Protection Policy.

Following discussion, the Board approved the revised Data Protection Policy.

Action(s)

- ***The Chief Operating Officer to update staff and implement the policy.***

11. Annual Review – Freedom of Information

There was submitted a report by the Chief Operating Officer on the annual review of Audit Scotland's Freedom of Information and Environmental Information Regulations Policy.

Following discussion, the Board approved the revised Freedom of Information and Environmental Information Regulations Policy.

Action(s)

- ***The Chief Operating Officer to update staff and implement the policy.***

12. Audit Scotland Conference 2011

There was submitted a report by the Chief Operating Officer on the Audit Scotland Conference.

Following discussion, the Board welcomed the update on the conference and noted the arrangements being made.

**Action(s):**

- ***The Chief Operating Officer to update the Board at its meeting in October and to send invitation to colleagues.***

13. Accounts Commission Chair's Report

The Chair of the Accounts Commission gave a verbal update on progress since the previous meeting.

14. Accountable Officer's Report

The Accountable Officer gave a report of his activities since the June meeting.

15. Any Other Business

There was no other business.

16. Confidential matter – Staffing

The Board discussed staffing matters relating to individuals and a separate confidential minute was taken.

17. Date of the next meeting

It was noted that the next Audit Scotland Board meeting would be held on **Thursday, 27 October 2011 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, 27 October 2011 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  
L Bradley, Director of Corporate Programmes  
A Davie, IT Manager

<b><u>Item No</u></b>	<b><u>Subject</u></b>
1.	Apologies
2.	Declarations of Interest
3.	Chair's Report
4.	Minutes of the meeting of <ul style="list-style-type: none"><li>• Audit Scotland Board dated 29 September 2011</li></ul>
5.	Matters arising from the minutes
6.	Post of Deputy Auditor General – <i>Taken in Private</i>
7.	Corporate Plan
8.	Corporate Performance Measurement and Reporting
9.	IT Strategy
10.	Written Agreement between the Scottish Commission for Public Audit and Audit Scotland
11.	Audit Scotland Connect Conference 2011
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

It was noted that there were no declarations of interest.

3. Chair's Report

The Chair provided an update on his recent activities, including attending the Scottish Commission for Public Audit meetings on 4 and 27 October 2011.

4. Minutes

The minutes of the meeting dated 29 September 2011 were submitted and approved as an accurate record.

5. Matters Arising from the Minutes

**Corporate Plan**

The Chief Operating Officer confirmed that discussions had taken place with the Chair of the Account Commission in relation to the Corporate Plan. This item was discussed in detail at Item 7.

**2012/13 Budget Proposal & Fee Strategy**

The Chief Operating Officer confirmed that the 2012/13 Budget Proposal and Fee Strategy had been submitted to the Scottish Commission for Public Audit.

**Written Agreement between the Scottish Commission for Public Audit and Audit Scotland**

This item was discussed at item 10.

**Audit of Community Planning Partnerships**

The Chief Operating Officer confirmed that there would be an update at the November meeting of the Board.

**Data Protection Policy**

The Chief Operating Officer confirmed that the policy had been implemented and colleagues had been advised.

**Freedom of Information Policy**

The Chief Operating Officer confirmed that the policy had been implemented and colleagues had been advised.

**Audit Scotland Connect Conference 2011**

This item was discussed at item 11.

6. Post of Deputy Auditor General

This item was taken a private and a confidential minute has been prepared.

7. Corporate Plan

There was submitted a report by the Chief Operating Officer on the 2012-16 Corporate Plan, which had been previously circulated.

The Chief Operating Officer outlined the process that had been undertaken to develop and finalise the corporate plan, and presented it to the Board for approval.

The Board discussed the scope of the plan, the focus on accountability and improvement, the focus on developing the business and on measuring the impact of audit. The Board noted the Accounts Commission's interest in ensuring that the plan reflected the importance of supporting improvement.

It was agreed that the Chair of the Accounts Commission and the Chief Operating Officer would work together to present the plan to an early Accounts Commission meeting for information. The Board noted the consultation arrangements that had been in place for the plan and which had been discussed and approved at the August meeting of the Board.

Following discussion, the Board approved the plan, subject to minor editing comments from board members which would be taken after the meeting. It was agreed that the plan would be effective from 1 January 2012 to 31 December 2015.

The Board thanked everyone involved for their work in producing the plan.

**Action(s):**

- ***The Chief Operating Officer to publish the Corporate Plan 2012-15***
- ***The Chair of the Accounts Commission and the Chief Operating Officer to work together to present the Corporate Plan to an early Accounts Commission meeting for information.***

8. Corporate Performance Measurement and Reporting

**Lynn Bradley, Director of Corporate Programmes, joined the meeting**

There was submitted a report by the Director of Corporate Programmes on corporate performance measurement and reporting, which had been previously circulated. The Director of Corporate Programmes outlined the work that had been undertaken to revise the corporate performance measurement and reporting system to support the new corporate plan.

Following discussion, the Board noted the progress that had been made, supported the plans for further development of the system, reinforced the need for a balance of quantitative data and subjective assessment in the performance measurement system and agreed to consider further the format of reporting once the quarter one report for 2012/13 had been received.

**Action(s)**

- ***The Director of Corporate Programmes to continue developing the corporate performance measurement and reporting system as outlined in the report.***
- ***The Board to consider further the format of reporting once the quarter one report for 2012/13 had been received.***

9. IT Strategy

**Allan Davie, IT Manager, joined the meeting**

There was submitted a report by the Director of Corporate Programmes on the IT Strategy, which had been previously circulated.

The Director of Corporate Programmes outlined the ways in which the Audit Scotland IT Strategy embraced the recommendations from the recent McClelland report on IT within the Scottish public sector. The IT manager outlined the benchmarking on performance and cost undertaken across Audit Scotland's corporate services including IT.

Following discussion, the Board approved the IT strategy, subject to making the time period of the report consistent with the corporate plan for 2012-2015. It was agreed that an update on the strategy and projects should be prepared for the Board alongside the six-month update on the knowledge management strategy agreed by the Board at its previous meeting.

**Action(s)**

- ***The Director of Corporate Programmes to prepare an update on the implementation of the IT strategy and projects for the April 2012 Board meeting.***

**Lynn Bradley, Director of Corporate Programmes and Allan Davie, IT Manager, left the meeting**

**10. Draft Written Agreement between the Scottish Commission for Public Audit and Audit Scotland**

There was submitted a report by the Chief Operating Officer on the written agreement between the Scottish Commission for Public Audit and Audit Scotland, which had previously been circulated.

Following discussion, the Board noted the changes to the written agreement.

**11. Audit Scotland Conference – 1 November 2011**

There was submitted a report by the Chief Operating Officer on Audit Scotland's Conference on 1 November 2011, which had been previously circulated.

Following discussion, the Board welcomed the updated conference programme.

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

The Chair of the Accounts Commission gave a verbal update on progress since the previous meeting.

**13. Accountable Officer's Report**

The Accountable Officer gave a report of his activities since the October meeting.

**14. Any Other Business**

The Board noted that the date for a risk management workshop was still to be determined.

**15. Date of the next meeting**

It was noted that the next Audit Scotland Board meeting would be held on **Thursday, 24 November 2011** at the conclusion of the Remuneration 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, 24 November 2011** 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  
A Clark, Assistant Director of Best Value and 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 <ul style="list-style-type: none"><li>• Audit Scotland Board dated 27 October 2011</li></ul>
5.	Matters arising from the minutes
6.	Financial and Performance Results – Quarter Two
7.	Business Continuity Plan
8.	The Audit of Community Planning Partnerships
9.	Group Life Assurance
10.	Accounts Commission Chair's Report
11.	Accountable Officer's Report
12.	Any other business
13.	Date of Next Meeting



1. Apologies

There were no apologies.

2. Declarations of Interest

It was noted that there were no declarations of interest.

3. Chair's Report

The Chair provided an update on his recent activities, including attending the Connect Conference at Heriot Watt on 1 November 2011.

The Chair commented that he thought the Conference was exceptionally good, with good contributions, a good atmosphere and high levels of engagement. The Chair asked for the Board's thanks and appreciation to be passed on to all who had helped organise the event.

The Chief Operating Officer provided an overview including feedback from colleagues, and it was agreed that this would be shared formally with the Board at its meeting on 26 January 2012.

The Chair also reported back on a meeting between the non-executive members of the Board and the Chair and Deputy Chair of the Accounts Commission.

4. Minutes

The minutes of the meeting dated 27 October 2011 were submitted and approved as an accurate record, subject to a minor correction at item 13 replacing "June" with "October".

5. Matters Arising from the Minutes

**Audit of Community Planning Partnerships**

This item was discussed at Item 8.

**Corporate Plan**

The Board noted that Audit Scotland's Corporate Plan would be on the December agenda of the Accounts Commission. The Auditor General offered to attend the meeting of the Accounts Commission and the Chair of the Accounts Commission agreed to discuss that further with the Auditor General.

**Action(s)**

- Chair of the Accounts Commission and the Auditor General to discuss the Audit Scotland Corporate Plan before the December Accounts Commission meeting.

**Corporate Performance Measurement and Reporting**

It was noted that this item will be discussed at the July 2012 Board meeting.

6. Financial and Performance Results – Quarter 2

**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 second quarter of the financial year, which had been previously circulated.

The Board noted the trends on income and expenditure and performance against the corporate performance indicators.

The Chief Operating Officer tabled a report on the 2011/12 Financial Forecasts and apologised for the late circulation of the report. She explained that the report and options in it had been considered by Management Team at its meeting on 22 November 2011.

The Corporate Finance Manager provided a detailed briefing on the forecast results summary and the Board:

- noted the financial forecast for the 12 months to March 2012
- noted the actions to be taken to restate operational budgets
- approved fee rebates of 8% of 2010/11 audit fee levels to be made to audited bodies, as detailed in the report
- approved the operation of a VERA scheme in the final quarter of 2011/12

**David Hanlon, Corporate Finance Manager, left the meeting.**

#### 7. Business Continuity Plan

There was submitted a report by the Chief Operating Officer inviting approval of Version 7 of Audit Scotland's Business Continuity Plan. The Board noted the main changes to the Business Continuity Plan, including

- the removal of Osborne House from the plan.
- changes to staff with Business Continuity Plan responsibilities and/or their details.
- changes to external organisations' details.

Following discussion, the Board commended the work that had gone into developing and maintaining the plan.

The Board approved Version 7 of the Audit Scotland Business Continuity Plan.

#### 8. The Audit of Community Planning Partnerships

**Antony Clark, Assistant Director of Best Value and Scrutiny Improvement, joined the meeting.**

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

The Assistant Director provided a further update on the work with stakeholders.

Following discussion, the Board noted the report.

**Antony Clark, Assistant Director of Best Value and Scrutiny Improvement, left the meeting.**

9. Group Life Assurance

Following consideration of revisions to the Group Life Assurance Scheme at the Remuneration Committee meeting which had preceded the Board, the Board approved the establishment of a separate bank account to support the Group Life Assurance Scheme.

**Action(s)**

- ***The Chief Operating Officer to establish a separate bank account to support the Group Life Assurance Scheme.***

10. Accounts Commission Chair's Report

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

The Board noted the report.

11. Accountable Officer's Report

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

The Board noted the report.

12. Any Other Business

The Board noted that the date for a risk management workshop was still to be determined.

13. Date of the next meeting

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