

MEETING: 10 SEPTEMBER 2020

REPORT BY: SECRETARY TO THE COMMISSION

AUDIT SCOTLAND BOARD UPDATE

Purpose

1. This report provides an update on the business of the Audit Scotland Board.

Background

2. Audit Scotland is established in statute to “provide such assistance and support as the Auditor General and the Accounts Commission require in the exercise of their respective functions and, in particular, is to provide them, or ensure that they are provided, with the property, staff and services which they require for the exercise of those functions”.¹
3. Audit Scotland (i.e. its Board) consists of the Auditor General, the Chair of the Commission, and three other members.² These three members, including a Chair, are appointed by the Scottish Commission for Public Audit.³
4. As well as being a member of Audit Scotland’s Board, the Commission Chair is also a member of its two committees, the Audit Committee and the Human Resources and Remuneration Committee.
5. In [*Public Audit in Scotland*](#)⁴, the Commission, the Auditor General and Audit Scotland set out how they together deliver public audit in Scotland. They state that “by working together and each fulfilling our distinct roles, the Auditor General, the Accounts Commission and Audit Scotland will ensure a strong system of public audit works to support transparency and promote improvement in the performance of public bodies.”
6. To this end, the Commission at its meetings considers for its interest the business of Audit Scotland Board.

Current Board business

7. This report provides the Commission with the latest available minutes from the meeting of the Audit Scotland Board, in this case the meeting of 1 June 2020. They are attached in Appendix 1.
8. The most recent meeting of the Board was on 19 August 2020, but the minute of this meeting is not yet publicly available as it is yet to be ratified by the Board. This will be available after the next Board meeting on 30 September and considered by the Commission at its October meeting.

¹ Public Finance and Accountability (Scotland) Act 2000, Section 10(3).

² Public Finance and Accountability (Scotland) Act 2000, Section 10(2).

³ The Scottish Commission for Public Audit was established under Section 12 of the Public Finance and Accountability (Scotland) Act 2000 and is made up of 5 MSPs. Its main areas of responsibility are to (a) examine Audit Scotland’s proposals for the use of resources and expenditure and report on them to the Parliament; (b) appoint an auditor to audit the accounts of Audit Scotland; (c) lay these accounts and auditor’s report before the Parliament; and (d) appoint three of the five members of Audit Scotland’s Board, including its Chair.

⁴ *Public Audit in Scotland*, Accounts Commission, Auditor General and Audit Scotland, May 2015.

9. The Commission has agreed however that the agenda for the most recent Board meeting be provided (even if the minute is not yet available). The agenda is attached in Appendix 2. The Chair will provide a verbal update on any relevant business for members' interest and invites questions from members to this end.

Conclusion

10. The Commission is invited to consider this update for its interest and seek further information from the Chair as appropriate.

Paul Reilly
Secretary to the Commission
31 August 2020

Minutes

Wednesday 1 June 2020, 11.30am

TEAMS meeting

Present:

Alan Alexander (Chair)
Caroline Gardner
Graham Sharp
Heather Logan

Apologies:

None

In attendance:

Diane McGiffen, Chief Operating Officer
Stephen Boyle, AGS Designate
Martin Walker, Associate Director, Corporate Performance and Risk
Elma Murray, Deputy Chair, Accounts Commission
Antony Clark, Audit Director, Performance Audit and Best Value
Peter Worsdale, Audit Manager/International Liaison Office
Gayle Fitzpatrick, Corporate Governance Manager, Performance Audit and Best Value
Elaine Boyd, Associate Director, Audit Quality and Appointments
Owen Smith, Senior Manager, Audit Quality and Appointments
John Gilchrist, Manager, Audit Quality and Appointments
Simon Ebbett, Communications Manager
Stuart Dennis, Corporate Finance Manager
Gillian Woolman, Audit Director, Audit Services
Robert Leask, Project Manager, Audit Quality and Appointments
Mark Roberts, Audit Director, Performance Audit and Best Value

1. Welcome and apologies

Alan Alexander welcomed members and attendees to the meeting. The Chair highlighted that the reports appearing at 11, 12, 13, 14, 16, 18 and 20 of today's meeting had been previously considered at the Audit Committee meetings on 6 May and 1 June 2020.

The meeting was held by video conference due to the COVID-19 pandemic.

2. Declarations of interest

The Chair invited declarations of interest. Stephen Boyle advised that in relation to the annual report on Complaints which appears at Item 11 of today's agenda, some of the complaints related to audits he was directly involved in. The Chair sought members' views following which he confirmed Stephen would be present for that report.

There were no other declarations of interest.

3. Chair's report – verbal update

The Chair provided an update on engagement with the Scottish Commission for Public Audit (SCPA) on the progress of Board appointments, and advised of correspondence from Colin Beattie MSP, Chair of the Committee, who is seeking information on how Audit Scotland are responding to potential financial implications of Covid-19. The Chair advised members he proposed to share a response with Colin Beattie following today's

consideration of the report appearing at Item 19 of today's agenda, Impact of Covid-19 on Audit Scotland's budget.

The Chair advised of meetings with Diane McGiffen and others in preparation for the Board meeting and a meeting with Gayle Fitzpatrick, Corporate Governance Manager in relation to the scope and timing of the governance review which the Board previously committed to undertake later in the year.

The Board welcomed the update.

4. Accountable Officer's report – verbal update

Caroline Gardner provided an update on the audit work which we continue to reprioritise adopting the principles of a flexible, pragmatic and consistent approach. In relation to the annual audits, we have received some unaudited accounts, the quality of these vary but the teams are working through them. In relation to the performance audit programme the policy cluster groups are working to reprioritise with some work likely to be dropped or postponed, while others remain relevant they may be reframed as a result of Covid-19 and highlighted the additional new work in tracking funding through the Scottish Government in response to Covid-19. Caroline advised that the work programme proposals will be taken to the Auditor General for Scotland and Accounts Commission for formal consultation in September 2020.

Caroline invited the Board to note that the UK and Ireland's Auditors' General met virtually on 22 May 2020 and had provided a helpful opportunity to share the experiences of the respective audit agencies and their responses to the Covid-19 pandemic and highlighted the possibility of joint work on a shared principles approach for the longer term.

Caroline advised of Parliamentary engagement with three sessions of the Public Audit and Post Legislation Scrutiny Committee (PAPLS) scheduled before the end of June including taking evidence from the Scottish Government on governance arrangements and how that is adapting in response to Covid-19 together with evidence on last years consolidated accounts and a briefing on the Affordable Housing report on 11 June 2020, a session on 18 June 2020 looking at the Early learning and childcare report together with a briefing on the Section 22 report on a fraud in City of Glasgow College and on 25 June 2020 a session looking at Audit Scotland's response to Covid-19 together with sharing Caroline's final thoughts as the outgoing Auditor General for Scotland.

Caroline highlighted Audit Scotland's submission to the Finance and Constitution enquiry last week and advised Mark Taylor will be attending the virtual roundtable meeting on 5 June 2020.

Turning to Audit Scotland, Incident Management Team have been supporting colleagues in adapting to working remotely for the longer term recognising the significant implications especially for those with caring and childcare responsibilities. Audit Scotland continue to work through how we balance the support for colleagues in delivering audit work and looking to support the Parliament in delivering what Scotland needs. Caroline expressed her thanks to colleagues across Audit Scotland, reflecting on how well everyone has adapted despite the circumstances and recognised the continued need to protect colleagues over the coming months as we move into what the new normal might mean.

The Chair invited any comments or questions. Heather Logan expressed her appreciation that so much work and so many meetings were being supported and Graham Sharp reflected on the ongoing excellent support provided to the Accounts Commission. The Chair commended the quality and tone of communication to colleagues from the Incident Management Team which he considered to be world class.

The Chair sought clarification of the consequences of some audit work being postponed or cancelled. Caroline advised that this related to the performance audit rolling work programme and that it was too early to say which audits may not be a priority in light of the current circumstances.

Stephen Boyle advised the refreshed forward work programme will be considered by the Auditor General for Scotland and the Accounts Commission in September 2020. He advised there is work currently scheduled in 2020/21 which may no longer go ahead in light of the additional

funding for the NHS and local government and the team are considering this as they consider the work programme over the summer. In terms of financial audit, Stephen advised that there is a mixed picture coming from audited bodies and highlighted some of the challenges they are facing. Stephen advised that Audit Scotland's investment in technology was enabling the conclusion of its first virtual audit.

Following discussion, the Board welcomed the update.

5. Accounts Commission Chair's report – verbal update

Graham Sharp advised that the Accounts Commission met virtually on 21 May 2020 with positive feedback received from the Leader of Argyll and Bute Council on the meeting and invited members to note the recording of the meeting is available on the Commission website.

Graham invited members to note that the Accounts Commission approved the impact report on Equal Pay and was liaising with the Communication team regarding publication. He also advised of the change in focus for the Local Government Overview in light of the impact of Covid-19 which will be published on 18 June 2020.

Turning to the next meeting of the Accounts Commission on 11 June 2020, Graham advised the Commission will be considering the Best Value Assurance Report for North Ayrshire Council and the work programme which will include timing and scheduling of annual audits.

The Board welcomed the update.

6. Review of minutes: Board meeting 13 May 2020

The Board considered the minutes of the meeting of 13 May 2020, which had been previously circulated and approved by correspondence.

The Chair confirmed the Board's endorsement of the minutes.

7. Governance arrangements - review of Standing Orders

Martin Walker introduced the Governance arrangements - review of Standing Orders report, copies of which had been previously circulated.

Martin invited the Board to note there were no proposed changes to the governance arrangements for holding virtual Board meetings and the publication of meeting papers.

The Board noted the report and the Chair advised that the publication of papers would be discussed at item 26 of today's agenda.

8. Review of action tracker

The Board noted the updates provided on the action tracker

The Chair referred to the supplementary information previously circulated in support of action ASB106 Review of Governance arrangements and action ASB109 the average cost of Performance Audit and Best Value audit day.

The Chair provided an update on action ASB106 on the review of governance following a meeting with Gayle Fitzpatrick, Corporate Governance Manager to discuss the nature and proposed timing of the review to ensure new Board members have received the appropriate induction and attendance at meetings. He invited members to note the proposal to bring a formal scope to the meeting of the Board on 30 September 2020.

Heather Logan sought clarification around the timing of the drafting of the policy for review. The Chair advised that following consideration of the scope and timing in September 2020 the work will be undertaken in the first quarter of 2021 in order that the review benefits from the input from existing members and from new members once they

have had and opportunity to conclude their respective induction and attend a number of Board and Committee meetings.

Stephen Boyle agreed that as the incoming Auditor General for Scotland and Board member he welcomed the proposal. Graham Sharp would welcome early engagement with Elma Murray as interim Chair of the Accounts Commission.

Diane McGiffen also advised the Board of discussions with the Chair around the Board's development programme and of work underway in relation to the induction programme for new members joining which would take place during the current year.

The Chair invited Diane McGiffen to provide an update on ASB111. Diane advised she had received confirmation from the Scottish Commission for Public Audit on the recruitment of Audit Scotland Board members, with interviews taking place on 8 and 15 June 2020. Diane advised one appointment will come into effect from 10 July 2020 and the other in October 2020.

Following discussion, members welcomed the discussion and noted a report on the proposed review will come to the Board on 30 September 2020.

Action ASB114: A report on the scope of the governance review will be considered at the Board meeting on 30 September 2020.

9. 2019/20 Annual report on international work

Antony Clark, Audit Director, Performance Audit and Best Value and Peter Worsdale, Audit Manager/International Liaison Office joined the meeting.

Peter Worsdale introduced the 2019/20 Annual report on international work, copies of which had been previously circulated.

Peter invited the Board to note the activity reported and sought approval of the 2019/20 International Annual Report before its scheduled publication as part of a suite of corporate Audit Scotland reports on 12 June 2020.

The Board noted the change in approach to international engagements in response to the Covid-19 pandemic, using technology to support shared learning events and how this and the new Auditor General for Scotland's priorities feeds into the planned refresh of the International strategy which will follow later in the year.

Heather Logan highlighted the Case study 2 in the report and asked if Scottish Government pick up on the work we are doing. Antony Clark confirmed that while our audience is largely international audit agencies we do share our learning, one example being the Enabling digital audit report which the Scottish Government used as part of their engagement with public bodies.

Caroline Gardner noted that a refresh of the international strategy was timely and recorded her thanks to the team for the work and engagement they have carried out to this point.

The Chair referred to the learning opportunities, and asked how this feeds into development of staff and how we report this. Peter advised the learning opportunities are largely embedded in the strategy with teams gaining soft skills from meeting and presenting to international delegations and the production of briefings and would consider how to bring this out in future reporting. The Chair also highlighted he would like to see delegations named in the reports.

Stephen Boyle reflected on the wider contribution and benefits for Audit Scotland in the auditing profession and the learning this provides around approach to auditing digitally and how other agencies are dealing with the pandemic from around the world. He advised of the meeting of the Auditors General of the UK and Ireland which had reflected

on the relationships with INTOSAI and EUROSAI and the role of audited bodies and other agencies in response to Covid-19.

Following discussion, the Board welcomed the report and approved the publication of the 2019/20 Annual report on international work.

Antony Clark and Peter Worsdale left the meeting.

10. 2019/20 Annual report on freedom of information and environmental information

Gayle Fitzpatrick, Corporate Governance Manager, Performance Audit and Best Value, joined the meeting.

Gayle Fitzpatrick introduced the 2019/20 Annual report on freedom of information and environmental information, copies of which had been previously circulated.

Gayle invited the Board to note that while the number of requests has reduced the level of work had increased due to complexity of requests received. Gayle advised that following the Coronavirus legislation which came into effect on 27 May 2020 an amendment was required to the report to reinstate the original timeline.

Heather Logan noted that the average cost per case was £934 and asked whether Audit Scotland have rejected any requests based on cost. Gayle Fitzpatrick advised that Audit Scotland's approach is one of openness and transparency and we have not refused any requests on this basis.

The Chair suggested a minor amendment to the report and Heather Logan requested further clarification on the independent membership of the FOI panel. Gayle Fitzpatrick advised the panel consists of internal colleagues who have received relevant training and who have not been directly involved in the matter being addressed.

Following discussion, the Board welcomed the report and Gayle Fitzpatrick agreed to liaise with the Chair to agree the revised wording prior to publication.

Action ASB115: The Corporate Governance Manager to agree revised wording with the Chair prior to publication. (June 2020)

11. 2019/20 Annual report on complaints

Gayle Fitzpatrick introduced the 2019/20 Annual report on complaints information, copies of which were previously circulated.

Gayle Fitzpatrick invited the Board to note the reduction in the number of complaints received and highlighted that responding to complex and sensitive complaints received was quite challenging. Gayle invited the Board to note the introduction by the SPSO of a revised model complaint handling process which requires to be fully implemented in 2021 and confirmed that following a review there were no substantial changes required to Audit Scotland's process.

The Board noted the criteria for Audit Scotland had changed and was in the same category as the Scottish Government, Scottish Parliament and other Scottish public bodies and a further report would come to the Board in September 2020 with an update on any changes required.

Following discussion, the Board welcomed the report and approved it for publication.

12. 2019/20 Annual report from the Chair of the Audit Committee to the Board

Heather Logan introduced the 2019/20 Annual report from the Chair of the Audit Committee to the Board, copies of which had been previously circulated and discussed at the meeting of the Audit Committee immediately before today's Board meeting.

The Chair invited the Board to consider and approve the 2019/20 Annual report from the Chair of the Audit Committee.

The Board approved the report from the Chair of the Audit Committee.

13. 2019/20 Governance statement on internal control and certificate of assurance

Gayle Fitzpatrick introduced the 2019/20 Governance statement on internal control and certificate of assurance, copies of which had been previously circulated.

Gayle invited members to note the Audit Committee's recommendation to the Board and confirmed there were no issues arising from the review process and sought approval from the Board to recommend the report to the Accountable Officer in support of the annual governance statement.

The Chair invited members to confirm their approval and following discussion recommended it to the Accountable Officer.

Gayle Fitzpatrick left the meeting.

14. 2019/20 Draft audit management letter

The Chair invited members to the Board to note consideration of the 2019/20 Draft audit management letter by the Audit Committee immediately prior to today's Board meeting and in the absence of any comments the Board confirmed they were content.

15. 2019/20 Annual report on quality of public audit in Scotland

Elaine Boyd, Associate Director, Audit Quality and Appointments, Owen Smith, Senior Manager, Audit Quality and Appointments and John Gilchrist, Manager, Audit Quality and Appointments joined the meeting.

Elaine Boyd introduced the 2019/20 Annual report on quality of public audit in Scotland, copies of which had been previously circulated.

Elaine invited the Board to note the amendments incorporated following consideration by the Audit Committee on 6 May 2020 and sought approval of the Quality of Public Audit in Scotland annual report 2019/20 for publication as part of the suite of annual reports on 12 June 2020.

Heather Logan sought clarification on Mazars number of training days reported which are greater than other audit firms and whether this was due to a higher number of trainees. Elaine advised that Mazars invest heavily in training and as part of her continued engagement with the audit firms will discuss this with them in order to understand if there is any learning for us and for sharing with the other audit firms and agencies.

Caroline Gardner reflected on the progress over the past three years in developing the Audit quality framework, the reporting and learning from the findings which stand Audit Scotland in good stead for the future. Caroline expressed her appreciation for the work and commitment of the Audit Quality and Appointment team and others in delivering audit quality.

Elma Murray confirmed the Accounts Commission had previously endorsed the report and acknowledged the breadth of the work reported. Elma requested that to ensure consistency across publications that the diagram used in the 'Who we are' section should be updated prior to publication.

Following discussion and subject to the updated diagram, the Board approved the publication of the report.

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

16. 2019/20 Audit Scotland annual report and accounts – Year end 30 March 2020

The Chair invited members to consider the 2019/20 Audit Scotland annual report and accounts – Year end 30 March 2020, copies of which had been previously circulated, and which had been recommended to the Board by the Audit Committee subject to the inclusion of outstanding pensions information.

Following discussion, the Board recommended the 2019/20 Annual report and accounts to the Auditor General for Scotland, being Accountable Officer of Audit Scotland, subject to the inclusion of the pensions information prior to signing the accounts on 9 June 2020.

17. Internal interim report on mainstreaming equality

Gillian Woolman, Audit Director, Audit Services, joined the meeting.

Gillian Woolman introduced the Internal interim report on mainstreaming equality, copies of which had been previously circulated.

Gillian invited the Board to note the good progress reported which will inform the work until next year's report. Gillian highlighted there was good consideration of equalities in national performance reports at the initial scoping stage and evidence in the final audits and in terms of Best Value and local audits advised there was still some work required in the latter stage of the audit appointments. Gillian invited members to note that while the Covid-19 pandemic may have an impact auditors were aware of requirements for reporting and work was already underway.

Heather Logan welcomed the report and suggested that the structure of next year's published report separates more clearly the performance of Audit Scotland's own equality results from the results of the scrutiny it applies to audited bodies. Gillian welcomed the comments and would consider these alongside feedback received from Management Team.

The Board welcomed the examples of impact reported and noted the report.

Gillian Woolman left the meeting.

18. Policy on the provision of non-audit services by Audit Scotland's external auditor

John Gilchrist, Manager, Audit Quality and Appointments re-joined the meeting.

John Gilchrist introduced the Policy on the provision of non-audit services by Audit Scotland's external auditor, copies of which had been previously circulated.

The Board was invited to approve the policy as recommended by the Audit Committee.

Following discussion, the Board approved the policy as recommended by the Audit Committee.

John Gilchrist left the meeting.

19. Impact of Covid-19 on Audit Scotland finances

The Chair invited members to note the supplementary information circulated for information which set out his questions on the report and Stuart Dennis' responses.

Stuart Dennis introduced the Impact of Covid-19 on Audit Scotland finances, copies of which had been previously circulated and invited the Board to consider three key areas for discussion which have also been discussed with Management Team and the Incident Management Team. The main areas for discussion are the cashflow position for the current financial year, this year's budget, and the impact on the medium and longer term financial planning.

Stuart advised that the cashflow position is not currently an issue with the second instalment of invoices having been issued and payments being received. In respect of this year's budget Stuart invited members to note the key areas to consider included work in progress, the extent of the EAFA audit work which is likely to continue but at a slightly lower level for the next 2 or 3 years together with potential savings identified and in the longer term taking account of the factors highlighted and impact following Covid-19.

Caroline Gardner advised the report was a good starting point for the areas highlighted, noting that while it was difficult to quantify what the impact will be for Audit Scotland and audited bodies, work will continue over the summer on modelling different scenarios with further engagement with the Board, new Auditor General for Scotland and the Accounts Commission on work priorities and to agree engagement with the SCPA around any challenges we might face.

The Board reflected on the level of uncertainty, the inability of Audit Scotland to be able to hold reserves and the focus of delivery of work for the Auditor General for Scotland and the Accounts Commission.

Stephen Boyle welcomed the report which set out the scale of the issues to be faced, including EAFA as a significant contributor of income for Audit Scotland, which will need to be considered further in the context of a no deal EU withdrawal as well as recognising what it takes to deliver audit in the current virtual environment now and longer term and the impact on our cost base. In terms of strategy further discussion will be required on the focus of scrutiny for the Auditor General for Scotland and Accounts Commission following the many additional billions of funding coming to Scotland which require scrutiny and assurance that public money has been spent wisely and effectively.

Elma Murray, Deputy Chair for the Accounts Commission, advised she is recommending the Accounts Commission strategy session goes ahead as scheduled in August 2020 and will share with Commission members the Board's consideration of the challenges for Audit Scotland, the partner firms and what will be possible in terms of resources and capacity to deliver audit alongside understanding the impact on audited bodies.

The Chair invited Diane McGiffen to provide an update on organisational developments in light of Covid-19. Diane McGiffen advised the report captures both the immediate and longer term financial issues for consideration. Organisationally the question for Audit Scotland is what do we want our contribution to Scotland to be this year on behalf of the Auditor General for Scotland and the Accounts Commission. Diane advised that Audit Scotland are supporting 300 colleagues during these difficult times so they can thrive, retain skills and knowledge so that when we have a stronger foothold in delivering audit we have the talent and teams to meet the demand while recognising some re-prioritisation of work will be required. Diane welcomed the Board's continued support for colleagues through the pandemic while we continue to deliver world class audit during a dynamic period.

Following discussion, the Board welcomed the report and discussion.

The Chair advised he had committed to responding to the Chair of the SCPA on Audit Scotland's approach to Covid-19 and welcomed the report and discussion which would inform his response. Stuart Dennis agreed to produce a draft response for the Chair and the Board discussed the context for the response.

In addition, Alan advised that in terms of good governance and the need for continued oversight of developments he would welcome an additional meeting of the Board to be

scheduled in advance of the next meeting currently scheduled for 30 September 2020. Diane McGiffen agreed to liaise with the Chair to discuss possible dates.

Action ASB116: **Stuart Dennis to prepare a draft response for the Chair on Audit Scotland's response to Covid-19. (June 2020)**

Action ASB117: **Diane McGiffen to liaise with the Chair on possible dates for an additional Board meeting. (June 2020)**

20. 2019/20 Q4 Financial performance report

Stuart Dennis introduced the 2019/20 Q4 Financial performance report

Stuart Dennis invited the Board to note the un-audited financial results for the 12 months to 31 March 2020.

The Board noted the report.

21. 2019/20 Q4 Corporate performance report

Martin Walker introduced the 2019/20 Q4 Corporate performance report, copies of which had been previously circulated.

Martin Walker invited the Board to note the performance reported in quarter four and overall performance in 2019/20.

The Board reflected on the overall performance reported despite the disruption of the Covid-19 pandemic in March 2020.

Following discussion, the Board noted the report.

22. 2019/20 Q4 Strategic improvement programme update

Martin Walker introduced the 2019/20 Q4 Strategic improvement programme update report, copies of which had been previously circulated.

Martin Walker invited the Board to note the significant progress made on the strategic work programme to date, and the ongoing review of improvement work to support new ways of working in the short, medium and longer term in light of the pandemic.

The Board welcomed the report.

23. New audit appointments update

Robert Leask, Project Manager, Audit Quality and Appointments, joined the meeting.

The Chair introduced the New audit appointment update report, copies of which had been previously circulated.

The Chair drew the Board's attention to the position with regard to auditor remuneration and the potential impact on audit fees arising from Covid-19 and advised of further engagement on the Code of Audit Practice and the updated timeline for the project.

Elma Murray reflected on the work of the team in delivering the draft Code of Audit Practice and recognised that managing the multiple interactions had been difficult and stated her commitment to working with all parties. Elma advised the team were preparing a report which she was taking to the Accounts Commission meeting on 11 June 2020. The Board welcomed the Deputy Chair's commitment.

Caroline Gardner commented on the risks associated with the potential of increased fees related to Covid-19, the requirement on auditors to deliver quality audit and increased

regulatory requirements which will need to be managed over the next few months and in advance of the new appointment round.

Robert Leask advised of communication with audit firms to advise of the intention to extend the current audit appointments and the Chair requested that as soon as the decision has been taken to ask the Auditor General for Scotland and the Accounts Commission to extend the current appointments that this is made public.

Heather Logan sought clarification of the issue regarding the understanding of the procurement strategy as reported in paragraph 3 of the report. Elma Murray advised that the Accounts Commission had discussed the issue of endorsing or noting the strategy, with a further discussion to be scheduled on the principles of the strategy. The Board noted that the Commission members had mandated the Chair to attend the Board meeting due to consider and approve the strategy. In light of Covid-19 however Elma suggested that the Steering Group will wish to revisit the strategy to understand the impact this may have in terms of fees and split of audit work. The Chair welcomed the update.

Following discussion, the Board noted the report.

Robert Leask left the meeting.

24. European Union withdrawal update

Mark Roberts, Audit Director, Performance Audit and Best Value joined the meeting.

Mark Roberts introduced the European Union withdrawal update report, copies of which had been previously circulated.

Mark Roberts invited the Board to note the update on EU withdrawal in terms of monitoring and potential implications. Mark advised the Scottish Government are working on planning for no deal exit at the end of the year, with the UK Government requiring to submit a request to an extension by the end of the month. In terms of implications for Audit Scotland, we continue to monitor and provide updates to colleagues with the general principle that EU withdrawal is part of the normal operating environment for audited bodies and will be monitored at a local level. Mark invited the Board to note that the major financial implications for the medium and long term relate to EAFA audit work and the uncertainty around this.

The Board recognised the significance of the impact for audited bodies and how they respond. Diane McGiffen advised this is firmly back on the agenda in terms of Audit Scotland's future strategy and financial impact which will need to be factored into the audit response as we move into next year.

Following discussion, the Board noted the report.

Mark Roberts left the meeting.

25. Any other business

The Chair noted this is the last meeting for two of its members, Graham Sharp, Chair of the Accounts Commission and acknowledged his long service on the Commission and contribution to Audit Scotland's Board.

The Chair paid tribute to Caroline Gardner who demits office on 30 June 2020 recognising her enormous contribution to public audit and public life, first as Controller of Audit and then as Auditor General for Scotland, an inspiring, supportive and caring leader who will be missed.

Stephen Boyle, AGS designate, also paid tribute to Caroline reflecting on her ability to lift and bring people with her, a true leader who is known for her composure, is well respected and visionary with the ability to transcend the political spectrum and who has

transformed the views of public audit, steering the organisation through an independence referendum, devolved powers for Scotland, EU withdrawal and now all the challenges of Covid-19. Stephen acknowledged Caroline's leadership is one of the most successful aspects of the organisation, truly aspirational and a privilege to work with. Stephen invited members to note Caroline's contribution to the wider Scottish public life and expressed his personal thanks and assurance to take forward her legacy.

Caroline Gardner said it had been a tremendous honour to lead the organisation over the past eight years, successfully working through the independence referendum and Scotland's new financial powers, and emphasised the importance of making a contribution back to Scotland. Caroline acknowledged that Covid-19 and Brexit will pose a new set of challenges in the future.

Caroline expressed her thanks and appreciation to all her colleagues at Audit Scotland for their professionalism, hard work and friendship and relayed her thanks to fellow Board members for their role of challenge and support to deliver Public Audit in Scotland. Caroline extended her best wishes to Stephen Boyle as the new Auditor General for Scotland and Elma Murray as the interim Chair of the Accounts Commission.

The Board expressed their appreciation and best wishes to Caroline Gardner.

26. Publications of papers

The Chair invited members to agree the publication of today's reports with the exception of items 9, 15 and 16 as these are due for publication on 12 June 2020 and item 23, New audit appointments update (to support the effective conduct of business and in particular due to the commercial sensitivity of the report).

27. Review of meeting

The Board welcomed the quality of reporting and agreed it had been a productive meeting.

28. Date of next meeting: 30 September 2020

The members noted the next meeting of the Audit Scotland Board is currently scheduled for 30 September 2020 with a view to convene a meeting in August.

Agenda

Additional Board meeting

Wednesday 19 August 2020 at 10.00am

By Teams

1. Welcome and apologies
2. Declarations of interests

Standing items

- | | |
|---|-----------------|
| 3. Chair's report – verbal update | For information |
| 4. Accountable Officer's report – verbal update | For information |
| 5. Accounts Commission Chair's report – verbal update | For information |
| 6. Review of minutes: Board meeting 1 June 2020 | For approval |
| 7. Governance arrangements: Review of Standing Orders | For information |
| 8. Review of action tracker | For information |

Business planning and performance

- | | |
|-------------------------------------|-----------------|
| 9. Covid-19 update | For information |
| 10. Q1 Financial performance report | For information |

Conclusion

- | | |
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| 11. Any other business | |
| 12. Publication of papers | For approval |
| 13. Review of meeting | |
| 14. Date of next meeting: 30 September 2019 (venue to be confirmed) | |