

**MEETING: 10 JUNE 2021**

**REPORT BY: SECRETARY TO THE COMMISSION**

**AUDIT SCOTLAND BOARD UPDATE**

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## 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”.<sup>1</sup>
3. Audit Scotland (i.e. its Board) consists of the Auditor General, the Chair of the Commission, and three other members.<sup>2</sup> These three members, including a Chair, are appointed by the Scottish Commission for Public Audit.<sup>3</sup>
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\*](#)<sup>4</sup>, 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 meetings of the Audit Scotland Board, in this case the meetings of 24 March 2021 and 19 May 2021. They are attached in Appendix 1 and Appendix 2.
8. The most recent meeting of the Board was on 2 June 2021, but the minutes of this meeting are not yet publicly available as they are yet to be ratified by the Board. These will be available after the next Board meeting on 22 September 2021 and considered by the Commission at its October meeting.

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<sup>1</sup> Public Finance and Accountability (Scotland) Act 2000, Section 10(3).

<sup>2</sup> Public Finance and Accountability (Scotland) Act 2000, Section 10(2).

<sup>3</sup> 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.

<sup>4</sup> *Public Audit in Scotland*, Accounts Commission, Auditor General and Audit Scotland, May 2015.

9. The Commission has agreed however that the agendas for the most recent Board meeting be provided (even if the minute is not yet available). The agenda is attached in Appendix 3. The Interim 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 Interim Chair as appropriate.

**Paul Reilly**  
**Secretary to the Commission**  
**31 May 2020**

# Minutes



Wednesday 24 March 2021, 10.00am

Audit Scotland by Video conference

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## **Present:**

Alan Alexander (Chair)  
Stephen Boyle  
Elma Murray  
Jackie Mann  
Colin Crosby

## **Apologies:**

There were no apologies.

## **In attendance:**

Diane McGiffen, Chief Operating Officer  
Martin Walker, Associate Director, Corporate Performance and Risk  
Fraser McKinlay, Director of Performance Audit and Best Value  
Antony Clark, Interim Director of Performance Audit and Best Value  
Gemma Diamond, Audit Director, Performance Audit and Best Value  
David Robertson, Digital Services Manager  
Stuart Dennis, Corporate Finance Manager  
Mark Taylor, Audit Director, Audit Services  
Fiona Diggle, Audit Manager, Performance Audit and Best Value  
Charlotte Anderson, L&D Consultant  
Tracey Bray, Senior Business Partner (OD)  
Gayle Fitzpatrick, Corporate Governance Manager  
Elaine Boyd, Associate Director, Audit Quality and Appointments  
Kathrine Sibbald, Senior Manager, Performance Audit and Best Value  
Carolyn McLeod, Audit Director, Performance Audit and Best Value  
Claire Richards, Senior Auditor, Performance Audit and Best Value  
Erin McGinley, Correspondence Officer  
Joanne Mansell, Communications Adviser  
Simon Ebbett, Communications Manager  
Mark Roberts, Audit Director, Performance Audit and Best Value

## **1. Private meeting of Board members**

The Board met privately and there were no matters arising.

## **2. Welcome and apologies**

The Chair welcomed attendees to the meeting and noted there were no apologies. The Chair noted that this would be Antony Clark's first meeting since being appointed Interim Director of PABV and Interim Controller of Audit. The Chair noted that this would be Fraser McKinlay's last meeting and expressed his thanks for the service Fraser has given to Audit Scotland, the Accounts Commission and his work in public audit in Scotland over the last 16 years.

## **3. Declarations of interest**

There were no declarations of interest.

#### **4. Items to be taken in private**

The Board agreed that items 23, 24, 25 and 26 would be taken in private.

#### **5. Chair's report – verbal update**

The Chair advised of regular scheduled meetings with Stephen Boyle, Accountable Officer, Elma Murray, Interim Chair of the Accounts Commission and Diane McGiffen, Chief Operating Officer. In addition, the Chair advised that the New Audit Appointments Steering group had recently held two meetings and advised of his attendance at the Management Team Covid-19 stock take session on 23 March

The Board welcomed the update.

#### **6. Accountable Officer's report – verbal update**

Stephen Boyle invited the Board to note his pleasure in the appointment of Antony Clark as Interim Director of Performance Audit and Best Value and Interim Controller of Audit. Stephen also noted his thanks to Fraser McKinlay for his support and contribution to public audit over many years of service.

Stephen advised that all of the 2019/20 financial audits are now complete including the completion of the European Agricultural Fund audit. Stephen highlighted the recent Best Companies results with us receiving One Star accreditation status. He noted that it is an excellent reflection on the work Audit Scotland has done over the past year in difficult circumstances.

Stephen noted that the pre-election period for the Scottish Parliament would now start on 25 March and as such Audit Scotland's public reporting will be more limited until after the election on 6 May 2021.

Stephen noted the NHS overview report published in February and the Education Outcomes report published jointly with the Accounts Commission on 23 March. Stephen also advised of recent external engagements with the ICAS Public Sector Panel and a webinar with the English ICAEW institute.

Stephen advised the Board of the sad loss of a valued colleague, Susan Bloor, who had passed away recently after a period of illness.

The Board welcomed the update.

#### **7. Accounts Commission Chair's report – verbal update**

Elma Murray congratulated Antony Clark on his interim appointments and thanked Fraser McKinlay for his many years of service and valued work.

Elma noted the media attention the Education Outcomes report had received and the powerful messages it had delivered.

Elma advised that she attended a workshop held in February with Chief Officers and Chief Finance Officers around developing our approach to auditing Best Value in Integration Joint Boards.

Elma advised that Accounts Commission members are producing videos, blogs and articles, and a two day Strategy Seminar is planned for 20/21 April. Elma also advised she had hosted several round table discussions which would feed into the Commission's work programme

Elma advised that the Commission and the Improvement Service Board have now agreed a strategic alliance and have produced a statement of intent along with a 12 month programme of joint work.

Following discussion, the Board welcomed the updates.

## 8. Review of minutes:

### Board meeting: 27 January 2021

The Board considered the minutes of the meeting of 27 January 2021, which had been previously circulated. The Chair provided clarity around action ASB130, advising that the Board will focus on the Public Audit in Scotland model after its second Board development session to be held later in the year.

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

### Audit Committee meeting: 4 November 2020

Colin Crosby, Chair of the Audit Committee, noted the work the Committee have been doing around risk methodologies and future work of streamlining Audit Committee papers.

Alan Alexander, chair of the Board, referred to a point at agenda item 8 that stated his appraisal of the performance of new members would take place in early 2021. Alan advised that this would happen in September rather than early 2021 and this should be amended in the minutes.

The Board noted the minutes of the meeting of 4 November 2020, which had been previously circulated.

**ACTION ASB133**      **Gayle Fitzpatrick to amend the Audit Committee meeting minute of 4 November 2020 to reflect the change of date from early 2021 to September 2021.**

## 9. Governance arrangements: Review of Standing Orders

Martin Walker introduced the Governance arrangements: Review of Standing Orders report, copies of which were previously circulated.

Martin highlighted two areas, the confirmation of public access to the Board meetings and considerations given to live streaming the meetings.

The Board noted the report and agreed that the variations to the Standing Orders are kept under review and considered at each Board meeting until further notice.

## 10. Review of action tracker

Elma Murray, Interim Chair of the Accounts Commission asked about the sequence in regard to action ASB131. Diane McGiffen, Chief Operating Officer advised that discussions with Stephen Boyle, the Accounts Commission and the New Audit Appointments (NAA) Steering Group are ongoing and that she would discuss this with Elma at their next meeting and provide further updates to the Board.

The Board noted the updates provided on the action tracker.

**ACTION: ASB134**      **Diane McGiffen to set out indicative stages and tasks for the next three months and present to the Board in May 2021.**

## 11. Covid-19 update

Martin Walker introduced the Covid-19 update report, copies of which had been previously circulated.

Martin invited the Board to note the actions taken to date in response to the Covid-19 pandemic, the ongoing actions and next steps.

The Board members thanked Diane McGiffen for the regular Incident Management Team updates and noted the outstanding organisational response to Covid-19 and how that has been reflected in the Best Companies survey.

Diane McGiffen, Chief Operating Officer, advised that preparatory work to make Audit Scotland offices Covid secure is well underway and decisions about the earliest dates under current restrictions when some colleagues might be able to access Audit Scotland's offices would be reviewed by the Incident Management Team (IMT) later in the week. Diane noted that coming out of lockdown will be challenging and that the different levels of restrictions across Scotland will add a further complication. Diane stressed that 2021 will continue to be challenging and that wellbeing and health of colleagues will remain a priority.

Colin Crosby, Chair of the Audit Committee advised that he found the report useful and would welcome a plan which outlined what position the organisation would like to be in at certain dates reflecting on the current position and options for the future. He also noted that quarterly reporting that included narrative around these aims would also be valuable.

The Board received an update on the stocktake session which had taken place at Management Team on March 23.

It was noted that previous business continuity planning had proved to be very beneficial and that the completion of audits whilst working remotely was also a great achievement. Diane advised that colleagues will have a range of working preferences as we exit lockdown carefully. Diane advised that offers of employment have been made to 46 FTE (including backfilling positions), which will allow Audit Scotland to build capacity and deliver the programme of work.

Alan Alexander advised that he had joined the stocktake session for the last 30 minutes and was assured by the focus being applied to the organisation's response to Covid-19 and the plans for the future.

Following discussion, the Board welcomed the report and the regular communication and support for colleagues.

## 12. Strategic improvement programme update

*Fraser McKinlay, outgoing Director of Performance Audit and Best Value, Gemma Diamond, Audit Director and David Robertson, Digital Services Manager joined the meeting.*

Martin Walker introduced the Strategic improvement programme update, copies of which had been previously circulated.

Martin invited the Board to consider the appended Digital Audit Strategy and the Digital Services Strategy.

Gemma Diamond, Audit Director, introduced the Digital Audit Strategy noting that building skills and capacity are essential to Audit Scotland's growth and development.

David Robertson, Digital Services Manager introduced the Digital Services Strategy. The strategy covers enhancing our cyber security, providing the systems and services to provide a virtual business and digital transformation.

Following discussion, the Board noted the report and approved the Digital Services strategy.

**ACTION ASB135: Alan Alexander, Colin Crosby, Diane McGiffen and Martin Walker to meet to discuss aspects of the programme governance, management and reporting (April 2021).**

*Fraser McKinlay, outgoing Director of Performance Audit and Best Value, Gemma Diamond, Audit Director, and David Robertson, Digital Services Manager left the meeting.*

## 13. Operational budget 2021/22

*Stuart Dennis, Corporate Finance Manager, joined the meeting.*

Stuart Dennis introduced the Operational budget 2021/22 report, copies of which had been previously circulated.

Diane McGiffen, Chief Operating Officer advised that communications are ongoing regarding the annual pay award and all parties are working towards set timescales.

**ACTION ASB136: Colin Crosby and Stuart Dennis to meet to discuss aspects of the budget including the pension fund.**

The Board approved the operational budget for 2021/22 and noted that any budget adjustments will be scrutinised as part of the quarterly reporting process.

#### 14. Q3 Financial performance report

Stuart Dennis introduced the Q3 Financial performance report, copies of which had been previously circulated.

It was noted that the Q3 financial performance report has been reviewed by the Audit Committee at its meeting on 4 March 2021.

The Board noted the operational budget for 2021/22

*Stuart Dennis, Corporate Finance Manager, left the meeting.*

#### 15. Q3 Corporate performance report

Martin Walker introduced the Q3 Corporate performance report, copies of which had been previously circulated.

Martin highlighted the Q3 information as well as a forward look at the Q4 information. He advised that performance had been strong in Q3 but noted that significant risks remain and that these are set out in the Corporate Risk Register. It was also noted that the Strategic Improvement Programme (SIP) is central to future performance.

The Board noted the Q3 Corporate performance report.

#### 16. Best Companies survey results

*Charlotte Anderson, Learning & Development consultant, and Tracey Bray, Senior Business Partner (OD), joined the meeting.*

Diane McGiffen, Chief Operating Officer introduced the report on the Best Companies survey results, copies of which had been previously circulated.

Diane advised that the Leadership Team were extremely pleased with the results and Audit Scotland had achieved its highest ever scores. Audit Scotland is now recognised as a “One Star” company.

Diane advised that Jonathon Austin from Best Companies will be joining the Leadership Team next week to discuss the results in more depth and that the results will feed into the Strategic Improvement Programme.

The Board members welcomed the survey results and expressed their congratulations.

**ACTION ASB137: Elma Murray and Diane McGiffen to discuss how best to share the Best Companies results with the Accounts Commission. (April 2021)**

*Charlotte Anderson, Learning & Development consultant, and Tracey Bray, Senior Business Partner (OD), left the meeting.*

#### 17. Financial devolution and constitutional change update

*Mark Taylor, Audit Director, and Fiona Diggle, Audit Manager, joined the meeting.*

Mark Taylor introduced the Financial devolution and constitutional change update paper, copies of which had been previously circulated.

The Board members discussed the report and noted the complexities of identifying Covid and non-Covid spend. The Board noted that there had been around 170 funding announcements and that “following the pandemic pound” will be a vital piece of work.

The Board noted the update and congratulated Mark and Fiona on the clear and comprehensive content.

*Mark Taylor, Audit Director, and Fiona Diggle, Audit Manager, left the meeting*

## **18. Corporate governance review of Board arrangements**

Gayle Fitzpatrick introduced the Corporate governance review of Board arrangements paper, copies of which had been previously circulated.

Gayle expressed her thanks to all who had contributed to the report and advised that the recommendations related to items to be taken in private, the minuting of meetings, individual member induction, and personal development and collective Board development.

Elma Murray noted the practical impact of the statutory Board composition should members not be available.

**ACTION ASB138: Martin Walker to prepare a discussion paper for members of the Board. (April 2021)**

After discussion, The Board approved the recommendations in the Corporate Governance review of Board arrangements report.

## **19. Data protection policy**

Gayle Fitzpatrick introduced the Data Protection policy paper, copies of which had been previously circulated.

Gayle advised the Board of the changes to the data protection policy following the end of transition arrangements between the United Kingdom and the European Union and that references to the GDPR have been updated to UK GDPR to reflect that the Data Protection Act 2018 enshrined the EU GDPR.

The Board approved the Data Protection policy.

## **20. Any other business**

There was no further business.

## **21. Review of meeting**

The members welcomed the quality, content and comprehensive nature of the reports in supporting helpful consideration and detailed discussion.

The Chair thanked everyone for their contributions.

## **22. Date of next meeting: 19 May 2021**

The members noted the next meeting of the Audit Scotland Board is scheduled for 19 May 2021.



## Items taken in private

### 23. New audit appointments update

*Elaine Boyd, Associate Director, and Kathrine Sibbald, Senior Manager, joined the meeting.*

Elaine Boyd and Kathrine Sibbald introduced the New audit appointments update paper, copies of which had been previously circulated.

Elaine provided an update on the progress of the Code of Audit Practice (COAP), the New Audit Appointments (NAA) steering group and the Invitation to Tender (ITT) preparation. The Board members discussed the paper.

The Board noted the progress and approved, that barring further unexpected changes, current audit appointments would not be extended beyond 2021/22.

*Elaine Boyd, Associate Director, and Kathrine Sibbald, Senior Manager, left the meeting.*

### 24. Proposed equalities outcomes 2021-2025

*Carolyn McLeod, Audit Director, Claire Richards, Senior Auditor, Erin McGinley, Correspondence Officer, Tracey Bray, Senior Business Partner (OD) and Joanna Mansell, Communications Adviser, joined the meeting.*

Carolyn McLeod introduced the proposed equalities outcomes 2021-2025 report, copies of which had been previously circulated.

The Board members discussed the outcomes as stated in the report and noted that it would be valuable to draw on the insights from the EHRAG group. The Board were supportive of the report and noted the importance of setting the right measures and targets.

The Board noted the report.

*Carolyn McLeod, Audit Director, Claire Richards, Senior Auditor, Erin McGinley, Correspondence Officer, Tracey Bray, Senior Business Partner (OD) and Joanna Mansell, Communications Adviser, left the meeting.*

### 25. 2020 stakeholder engagement report

*Simon Ebbett, Communications Manager and Mark Roberts, Audit Director, joined the meeting.*

Simon introduced the 2020 stakeholder engagement report, copies of which had been previously circulated.

Simon advised that the survey results are very positive and demonstrate the effective relationships that Audit Scotland has with parliamentary committees. Simon clarified that the survey does not cover the products (reports etc) that Audit Scotland produces.

The Board members recognised that the stakeholder results and the Best Companies results provide a very positive snapshot of the internal and external views of Audit Scotland.

The Board noted the report.

*Mark Roberts, Audit Director, left the meeting.*

### 26. 2020/21 Annual report

Simon Ebbett introduced a report on the plan for the 2020/21 Annual Report and Accounts, copies of which had been previously circulated. Simon confirmed that the stocktake session did not change any of the content of the report.

The Board noted the plan for the 2020/21 Annual report.

# Minutes

Wednesday 19 May 2021, 10.00am

Audit Scotland by Video conference

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## **Present:**

Alan Alexander (Chair)  
Stephen Boyle  
Elma Murray  
Jackie Mann  
Colin Crosby

## **Apologies:**

There were no apologies.

## **In attendance:**

Diane McGiffen, Chief Operating Officer  
Martin Walker, Associate Director, Corporate Performance and Risk  
Stuart Dennis, Corporate Finance Manager  
David Blattman, Human Resources (HR) and Operational Development (OD) Manager  
Simon Ebbett, Communications Manager  
Gayle Fitzpatrick, Corporate Governance Manager  
David Robertson, Digital Services Manager  
Graeme Greenhill, Senior Audit Manager, Performance Audit and Best Value  
Ian Metcalfe, Corporate Governance Officer  
Agata Maslowska, Audit Manager, Performance Audit and Best Value  
Elaine Boyd, Associate Director, Audit Quality and Appointments  
Kathrine Sibbald, Project Manager, Audit Quality and Appointments  
Carolyn McLeod, Audit Director, Performance Audit and Best Value  
Gemma Diamond, Audit Director, Performance Audit and Best Value  
Michelle Borland, Business Manager, Performance Audit and Best Value

## **27. Private meeting of Board members**

The Board met privately and there were no matters arising.

## **28. Welcome and apologies**

*Diane McGiffen, Chief Operating Officer, Martin Walker, Associate Director, Corporate Performance and Risk and Stuart Dennis, Corporate Finance Officer, joined the meeting.*

The Chair welcomed attendees to the meeting and noted there were no apologies.

## **29. Declarations of interest**

There were no declarations of interest.

## **30. Items to be taken in private**

The Chair invited members to agree that the reports at items 15, 16 and 17 of the agenda be considered in private. The Board agreed.

## **31. Chair's report – verbal update**

The Chair reflected on the two Board Development Sessions held on 31 March and 10 May with a further session scheduled for 27 September 2021, and invited members to note the proposal to report back formally at the Board in November.

The Chair advised of regular meetings with the Auditor General for Scotland and Diane McGiffen, Chief Operating Officer and of the meeting of the New Audit Appointments Steering Group on 22 April 2021, reported at item 16 of the agenda. The Chair invited members to note that the Code of Audit Practice has been approved by both the Auditor General for Scotland and the Accounts Commission.

The Chair advised he had observed the meeting of the Audit Committee on 12 May 2021 and attended the meeting of the Remuneration and Human Resources Committee meeting on the same day.

The Chair advised the Board that he had attended one of the 'How we work' drop in sessions chaired by Diane McGiffen and members of the Incident Management Team (IMT) to hear from colleagues about their considerations and concerns around future ways of working. He advised the session had been interesting and informative.

The Chair informed the Board that he had accepted an invitation to give evidence to the Public Audit Committee of the Northern Ireland Assembly who are considering oversight arrangements on 7 July 2021. The Chair advised he will submit an opening statement in advance of the session and will circulate a copy to members. The members noted the respective Chairs of National Audit Office and Wales Audit Office have also been invited to give evidence on 2 June 2021.

**Action ASB139: The Chair to circulate a copy of his supporting statement to the Northern Ireland Assembly to members. (June 2021)**

The Board welcomed the update.

### **32. Accountable Officer's report – verbal update**

Stephen Boyle reflected on the Board Development sessions and two 'How we work' drop in sessions which had been helpful in setting the forward direction both for the Board and how Audit Scotland works, all of which is supported by the Strategic Improvement Programme at item 12 of the agenda.

Stephen invited the Board to note that Parliament has reconvened following the election and work is underway to deliver and support the future engagement strategy with members and committees.

Stephen invited the Board to note that the Scottish Commission for Public Audit (SCPA) propose to hold a session to consider Audit Scotland's annual report and accounts at the end of June 2021. Stephen advised that the appointments to the SPCA will be confirmed in due course and members noted Alison Johnson has been appointed as the new Presiding Officer of the Parliament.

Turning to external engagement, Stephen advised of a meeting with the Chief Executive of Institute of Chartered Accountants for England and Wales, a meeting of the UK and Ireland Auditors General held on 7 May 2021 and a separate meeting with Gareth Davies, Comptroller for and Auditor General, National Audit Office and Kiran Donnelly the Comptroller and Auditor General for Northern Ireland.

Stephen advised the Board of meetings with several Scottish public bodies including an introductory meeting with the Chief Executive of Public Health Scotland, a bi-annual meeting with the Permanent Secretary and her executive team at the Scottish Government and a meeting with the Chief Constable, Chief Executive and Chair of the Scottish Police Authority.

Stephen also invited members to note that, following a meeting with Mairi Spowage, Interim Director of the Fraser of Allander Institute at Strathclyde University, he had committed to doing some further work together which would include hosting knowledge cafes with colleagues.

The Board welcomed the update.

### **33. Accounts Commission Chair's report – verbal update**

Elma Murray invited the Board to note she had held regular meetings with the Auditor General for Scotland and the Chief Operating Officer. She also advised of regular meetings with the Interim Controller of Audit and of a joint meeting with the Chief Executive of the Scottish Borders Council and Alison Evison, President and Sally Loudon, Chief Executive of COSLA.

Elma advised members of the business at the two meetings of the Accounts Commission since the previous Board meeting, and which included updates on New audit appointments, input and approval of the Code of Audit Practice and discussion around mainstreaming equalities and equality outcomes. She advised that the Commission also heard from Kenneth Lawrie, Chief Executive, Falkirk Council

and Emily Lynch from the Improvement Service on the development of the Local Government Benchmarking Framework.

Elma advised that the Commission had discussed the role of the Controller of Audit with a further discussion scheduled for its next meeting on 10 June 2021 with Stephen Boyle joining.

The members noted that the Commission's Strategy Seminar had heard from Paul Johnston, DG, Communities and Alison Evison, President of COSLA, considered the results from a survey of members, the Commission's role and purpose, priorities and future development plans. Those plans included working more closely with Audit Scotland, making better use of cross-cutting data and intelligence with scrutiny partners and being clearer in reports about what needs to improve.

Elma advised members that the next Accounts Commission meeting will consider the Best Value Assurance Report for Aberdeen City Council.

Elma invited members to note that the Accounts Commission will publish their Annual Report on Friday 21 May and its work programme on 24 May, followed by the Local Government Overview.

The Board welcomed the update.

### **34. Review of minutes:**

#### **Board meeting: 24 March 2021**

The Board considered the minutes of the meeting of 24 March 2021, which had been previously circulated.

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

#### **Audit Committee meeting: 3 March 2021**

The Board noted the minutes of the Audit Committee meeting of 3 March 2021, which had been previously circulated.

The Board noted the minutes were an accurate record of the meeting.

### **35. Governance arrangements: Review of Standing Orders**

Martin Walker introduced the Governance arrangements: Review of Standing Orders report, copies of which were previously circulated.

Martin invited the Board to note there were no proposed amendments to the Standing Orders and provided an update on the development work on the potential for livestreaming virtual meetings and extending access to face to face and hybrid meetings.

Following discussion, the Board accepted the recommendations contained within the report.

### **36. Review of action tracker**

The Board noted the updates provided on the action tracker.

The Chair invited Stuart Dennis to provide an update on Action ASB131 in relation to the development of Audit Scotland's medium-term financial strategy and the associated fees and funding model. Stuart invited the Board to note that the fees and funding workstream is a key element of the Strategic Improvement Project, many of the workstreams of which have potential consequences on Audit Scotland's budget and financial strategy. The Board noted a report would be scheduled to come to the Board in November 2021.

During detailed discussion, the Board noted the financial analysis required together with projections of anticipated audit work over the next three years while safeguarding Audit Scotland's independence and ensuring flexibility to respond to changing demands. In addition, the Board recognised that the sustainability of the current fees and funding model has been tested given the pressures experienced during the pandemic and reflected on the strategic significance and engagement required on any change to the fees and funding model.

Diane McGiffen advised of plans to revisit Public Audit in Scotland which would set the principles to safeguard audit independence including funding. The Board noted progress across

areas including the New audit appointments procurement project, its associated costing implications, the financial analysis required to provide assurance and engagement with stakeholders.

Following discussion, the Board agreed they would welcome an early discussion supported by a briefing paper setting out the background to the current fees and funding model and a proposed timeline of engagement with the Board.

**Action ASB131 updated: A briefing on the current fees and funding model and proposed timeline to be circulated to the Board. (July 2021)**

**A meeting with Board members to be scheduled to discuss the medium term financial plan. (August 2021)**

Colin Crosby provided a summary of the meeting with Stuart Dennis on action ASB136 which had taken place prior to today's Board meeting and informed members that details of any budget provision may be incorporated into reporting and presented under two headings i.e. costs outwith our control (for example pensions) and other operational expenditure.

The Board noted the updates and further actions arising.

### **37. Covid-19 update**

*David Blattman, HR&OD Manager and Simon Ebbett, joined the meeting.*

Martin Walker introduced the Covid-19 update report, copies of which had been previously circulated.

Martin invited the Board to note the actions taken to date in response to the Covid-19 pandemic, the ongoing actions and next steps and provided a verbal update on developments in relation to localised restrictions and the recent rise in community infections.

The Board welcomed the ongoing communication with colleagues, including the survey about 'How we work' and the drop in sessions, noting some of the key questions arising related to remote working, office and on-site working, the requirements to support a Covid secure workplace and travel. Elma advised that the Accounts Commission members are also considering these areas and agreed to share any feedback with IMT.

Following discussion, the Board welcomed the comprehensive report.

### **38. Strategic improvement programme update**

Martin Walker introduced the Strategic improvement programme update, copies of which had been previously circulated.

Martin invited the Board to note the progress reported on the Strategic Improvement Programme and next steps.

During discussion, the Board referred to the outcome of the recent Building Capacity campaign, noting the success of attracting applications from a diverse background. The Board asked how the analysis from this campaign would inform the next campaign. David Blattman advised that he will be taking a closer look at the data in order to take any initial learning through to future campaigns.

The Board acknowledged Audit Scotland's commitment to report quarterly to the SCPA on the increase to Audit Scotland's budget for 2021/22. The Board noted this is also supported by the improvement programme and an update on progress will come to the Board on 2 June 2021.

The Chair invited members to note the meeting between himself, Diane McGiffen, Martin Walker and Colin Crosby on the governance arrangements for the Strategic Improvement Programme and advised a briefing paper will be shared with members which will also consider increased Board participation and engagement in the programme.

Following discussion, the Board welcomed the comprehensive nature of the report.

**Action ASB140: Martin Walker to circulate a briefing paper on the governance arrangements for the Strategic Improvement Programme and**

*David Blattman and Simon Ebbett left the meeting.*

### **39. 2019-2021 Mainstreaming Equality and Equality Outcomes progress report**

*Carolyn McLeod, Audit Director, Performance Audit and Best Value, joined the meeting.*

**Carolyn McLeod introduced the 2019-2021 Mainstreaming Equality and Equality Outcomes progress report, copies of which had been previously circulated.**

**Carolyn invited the Board to confirm its retrospective approval for the publication of our Mainstreaming Equality and Equality Outcomes: Progress Report 2019-2021 (the Progress Report).**

During discussion, Board members welcomed the opportunity to consider drafts of the respective reports at its meeting on 24 March 2021 and later consideration by correspondence.

Following discussion, the Board confirmed its approval for the publication of the reports.

*Carolyn McLeod left the meeting.*

### **40. Annual report on information governance and security 2020-21**

*David Robertson, Digital Services Manager, joined the meeting.*

Gayle Fitzpatrick and David Robertson introduced the Annual report on information governance and security 2020-21, copies of which had been previously circulated.

Gayle Fitzpatrick invited the Board members to note the assurance provided on the annual assessment of information governance and security management at Audit Scotland.

The Board recognised the challenges and additional security risks that have been managed with the entire workforce working from home during the pandemic.

Following discussion, the Board welcomed the positive assurance provided and endorsed the report.

*Gayle Fitzpatrick and David Robertson, left the meeting.*

## **Items taken in private**

### **41. Environment, Sustainability and Biodiversity plan 2020/21 to 2024/25**

*Graeme Greenhill, Senior Audit Manager, Performance Audit and Best Value, and Ian Metcalfe, Corporate Governance Officer, joined the meeting.*

Graeme Greenhill introduced the Environment, Sustainability and Biodiversity plan 2021/21 - 2024/25 a copy of which had been previously circulated.

The Board were invited to consider and approve the draft Environment, Sustainability and Biodiversity Plan 2020/21 to 2024/25 which sets out the actions Audit Scotland will take to further reduce carbon emission levels.

During detailed discussion, the members considered the ambitious target and the need to monitor and revisit the plan given the ongoing uncertainty around future travel for and in relation to audit work. The members indicated the Board's commitment to the plan and were keen to contribute to support the outcomes. The Board also requested additional information in relation to the offsetting process to understand how this would be managed.

Following discussion, the Board welcomed the report and approved the publication of the Environment, Sustainability and Biodiversity Plan 2020/21 to 2024/25.

**Action ASB141: Graeme Greenhill and Ian Metcalfe to circulate information on the offsetting process of emissions. (September 2021)**



*Graeme Greenhill and Ian Metcalfe left the meeting.*

## **42. New audit appointments update**

*Elaine Boyd, Associate Director, and Kathrine Sibbald, Senior Manager, joined the meeting.*

Elaine Boyd introduced the New audit appointments update paper, copies of which had been previously circulated.

The Chair invited members to note the progress reported including the approval of the Code of Audit Practice, a copy of which will be shared with members, and consideration of the Invitation to Tender timeline.

The Board discussed the award of contracts and noted that the Steering Group would be considering a report looking at the criteria for tender assessment at its meeting on 26 May 2021 together with market information in order to understand the potential implications for the cost of audit.

Following discussion, the Board welcomed the progress reported.

*Elaine Boyd, Associate Director, and Kathrine Sibbald, Senior Manager, left the meeting.*

## **43. Forward work programme**

*Gemma Diamond, Audit Director, and Michelle Borland, Business Manager, Performance Audit and Best Value, joined the meeting.*

Gemma Diamond introduced the report the Forward work programme report, a copy of which had been previously circulated.

Gemma invited the Board to consider the revised approach to the work programme which forms an important part of the Strategic Improvement Programme.

The Board noted the approach to move away from an annual update and approval process to a more flexible and agile approach based on quarterly updates to provide more flexibility to respond to changes in a volatile and uncertain operating environment.

The Board sought assurance on the anticipated impact on resource and training requirements and were assured that this is being actively developed and managed alongside developing themes of reporting.

Following discussion, the Board noted the updated approach to the programme and agreed they would welcome regular updates as the programme develops.

*Gemma Diamond and Michelle Borland left the meeting.*

## **44. Any other business**

There was no further business.

## **45. Review of meeting**

**The members welcomed the quality, content and comprehensive nature of the reports in supporting helpful consideration and detailed discussion.**

The Chair thanked everyone for their contributions

## **46. Date of next meeting: 2 June 2021**

**The members noted the next meeting of the Audit Scotland Board is scheduled for 2 June 2021.**

# Agenda



Wednesday 2 June 2021 at 12.00noon

By Teams

- 
1. Private meeting of members
  2. Welcome and apologies
  3. Declarations of interests
  4. Items to be taken in private
- 

## Standing items

- |   |                 |
|---|-----------------|
| 5. Chair's report - verbal update                     | For information |
| 6. Accountable Officer's report - verbal update       | For information |
| 7. Accounts Commission Chair's report - verbal update | For information |
| 8. Review of draft minutes:                           |                 |
| - Board meeting 19 May 2021                           | For approval    |
| 9. Governance arrangements: review of standing orders | For discussion  |
| 10. Review of action tracker                          | For information |
| 11. Covid-19 – verbal update                          | For information |
- 

## Strategic priorities

- |   |                 |
|---|-----------------|
| 12. Strategic improvement programme - verbal update | For information |
|---|-----------------|
- 

## Business planning, performance and governance

- |  |                 |
|--|-----------------|
| 13. Q4 Financial performance report  | For information |
| 14. 2020/21 Annual report on international work  | For approval    |
| 15. 2020/21 Annual report on complaints  | For approval    |
| 16. 2020/21 Annual report on freedom of information and environmental information          | For approval    |
| 17. 2020/21 Annual report from the Chair of the Audit Committee                            | For approval    |
| 18. 2020/21 Annual report from the Chair of the Remuneration and Human Resources Committee | For approval    |
| 19. Policy on the provision of non-audit services by Audit Scotland's external auditor     | For approval    |
| 20. Counter Fraud Policy review  | For approval    |



- |  |                 |
|--|-----------------|
| <b>21.</b> 2020/21 Governance statement and certificate of assurance | For approval    |
| <b>22.</b> Audit summary report for the year ended 31 March 2021     | For information |

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### Items to be taken in private

- |   |                 |
|---|-----------------|
| <b>23.</b> Quality of public audit in Scotland 2020/21  | For approval    |
| [Item to be taken in private to support the effective conduct of business, intended for future publication] |                 |
| <b>24.</b> 2020/21 Q4 Corporate performance report  | For information |
| [Item to be taken in private to support the effective conduct of business, intended for future publication] |                 |
| <b>25.</b> Draft Annual Report and Accounts: Year ended 31 March 2021                                       | For approval    |
| [Item to be taken in private to support the effective conduct of business, intended for future publication] |                 |
| <b>26.</b> New audit appointments update  | For information |
| [Item to be taken in private to support the effective conduct of business, commercial sensitivity]          |                 |