

**MEETING: 7 OCTOBER 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 minute from the meeting of the Audit Scotland Board, in this case the meeting of 2 June 2021. The minute is attached in Appendix 1.
8. The agenda for the latest Audit Scotland Board meeting of 22 September 2021 is attached in Appendix 2. The Interim Chair will provide a verbal update on any relevant business for members’ interest and invites questions from members to this end.

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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.

## **Conclusion**

9. 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**  
**29 September 2021**

# Minutes Board



Wednesday 2 June 2021, 12.00noon  
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  
Simon Ebbett, Communications Manager  
Antony Clark, Interim Director of Performance Audit and Best Value and Controller of Audit  
Parminder Singh, International Liaison Manager  
Gayle Fitzpatrick, Corporate Governance Manager  
Elaine Boyd, Associate Director, Audit Quality and Appointments  
Owen Smith, Senior Manager, Audit Quality and Appointments  
David Blattman, Human Resources (HR) and Operational Development (OD) Manager

## 1. Private meeting of Board members

The Board met privately and there were no matters arising.

## 2. Welcome and apologies

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

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

## 3. Declarations of interest

There were no declarations of interest.

## 4. Items to be taken in private

The Chair invited members to agree that the reports at items 23, 24, 25 and 26 of the agenda be considered in private based on the reasons set out on the agenda. The Board agreed.

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

The Chair noted that the meeting followed quickly on from the May meeting of the board and that it was primarily focused on considering annual reports from the Board's committees, annual reports from Audit Scotland officials in order to recommend the 2020/21 Annual report and accounts for signing to the Auditor General for Scotland as Accountable Officer. He advised that therefore, business updates were short verbal updates since the May meeting.

The Chair advised of the meeting of the New Audit Appointments Steering Group held on Wednesday 26 May, a verbal update on which would be shared under Item 26 of today's agenda. The Chair also advised of routine meetings with the Auditor General for Scotland, Chair of the Accounts Commission and the Chief Operating Officer. The Board welcomed the update.

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

Stephen Boyle invited the Board to note the coverage and enquiries received following the publication of the Scottish Colleges report and advised that membership of the Scottish Parliament's Committees and the Scottish Commission for Public Audit were still to be announced. The Board noted that the Insight session with colleagues on the election results and hosted by Newsdirect on 1 June 2021 had been well attended.

Turning to external engagement, Stephen advised of recent meetings with Gareth Davies, Comptroller and Auditor General, National Audit Office, with Robert Scott, HM Chief Inspector of the Scottish Fire and Rescue Service and with Sally Loudon, Chief Executive of COSLA.

Stephen advised the Board of the continuing engagement with colleagues following the audit quality results and the improvement plan.

The Board welcomed the update.

## **7. 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, the Chief Operating Officer and the Interim Controller of Audit.

Elma advised the Board that Committees of the Accounts Commission had taken place on 27 May 2021 and of a meeting of the Best Value Working Group. The members noted the working group will reduce its consideration of New Audit Appointments business due to the forthcoming procurement process.

Elma invited members to note that the Accounts Commission would consider a Best Value Assurance Report for Aberdeen City Council at its forthcoming meeting on 10 June 2021 and that the Commission would hold its mid-year strategy seminar in August.

Elma invited members to note that the Accounts Commission had published a joint forward work programme with the Auditor General for Scotland and that the recently published Local Government Overview report had received good coverage. The Board noted the Accounts Commission's Annual report was scheduled for publication on 3 June 2021.

The Board welcomed the update.

## 8. Review of draft minutes: Board meeting 19 May 2021

The Board considered the minutes of the meeting of 19 May 2021, which had been previously circulated.

The Board approved the minutes as an accurate record of the meeting. The Board noted the number of actions arising as result of reporting audit quality. The Board agreed that the review of the fees and funding model would consider the implications for Local Government and was provided with that reassurance.

## 9. 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 agree that the variations to the standing orders continue to be kept under review and considered at each Board meeting until further notice, to agree that the Accountable Officer become a formal member of the Human Resources and Remuneration Committee and to note the development work on live streaming virtual meetings and the options for extending the access to face to face and hybrid meetings.

The Chair advised that during his annual appraisal he referenced how the Board have supported public access to meetings and that this remains a standing item for the Board.

Jackie Mann, Chair of the Remuneration and Human Resources Committee (Remco) confirmed the agreement for the Accountable Officer to be a member of Remco, and Martin Walker agreed to ensure this is captured in the respective standing orders for both the Board and Remco as appropriate.

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

**Action ASB142: Martin Walker to update the standing orders for the Board and Remco, recording that the Accountable Officer is a member of Remco. (July 2021)**

## 10. Review of action tracker

The Board noted the updates provided on the action tracker.

## 11. Covid-19 – verbal update

Martin Walker provided a verbal update on developments in relation to Covid-19.

The members noted the developments in the external environment.

The Board noted the publication of the Scottish Colleges summary report on 25 May, the Local Government Overview published on 27 May, the forward work programme, all of which featured responses to the pandemic. The Board also noted publications of a Social Care blog and PPE briefing paper to be published on 3 and 16 June 2021 respectively.

Martin advised the Board that Management Team are scheduled to consider options on phased access to offices and other workplaces at its forthcoming meeting on 8 June 2021.

Following discussion, the Board welcomed the update.

## **12. Strategic improvement programme – verbal update**

Martin Walker provided a verbal update on developments within the Strategic improvement programme.

Martin invited the Board to note a range of reports have been published including the joint work programme and equality outcomes and future publications scheduled including the annual report on Quality of Public Audit in Scotland and members noted the ongoing development of audit methodology on climate change.

The Board welcomed additional information on the Best Companies results that Audit Scotland was ranked in the top 40 of the best places to work in Scotland and in the top four accountancy firm in the UK. Martin advised that Management Team had considered Audit Scotland's People strategy at its meeting on 1 June and approved the business case for a new business management system on 25 May 2021. The Board noted the Strategic Improvement Programme Board is due to meet on 22 June which will consider Phase 2 of the building capacity project which in turn will inform Audit Scotland's future workforce plan and planned engagement with colleagues through a programme of events over the coming months.

Following discussion, the Board welcomed the update.

## **13. Q4 Financial performance report**

Stuart Dennis introduced the Q4 Financial performance report, copies of which had been previously circulated.

Stuart invited the Board to note the financial results for the 12 months to 31 March 2021 and which had been considered at the Audit Committee meeting immediately prior.

The Board noted the financial results for the 12 months to 31 March 2021.

## **14. 2020/21 Annual report on international work**

*Antony Clark, Interim Director of Performance Audit and Best Value and Controller of Audit, and Parminder Singh, International Liaison Manager, joined the meeting.*

Antony Clark introduced the 2020/21 Annual report on international work, copies of which had been previously circulated.

Antony invited the Board to consider and approve the 2020/21 International annual report before its scheduled publication as part of a suite of corporate Audit Scotland reports on 11 June 2021.

During discussion, the Board congratulated the team for maintaining an international presence during travel restrictions and noted that in some cases, virtual meetings had opened up further opportunities for increased engagement with audit agencies. The Board welcomed the ability for Audit Scotland to decline requests in some circumstances and recognised that as global restrictions ease there may be future opportunities for international travel to enhance learning and develop best practice.

Following discussion, the Board welcomed the report and recorded their appreciation to the team before approving the 2020/21 Annual report on international work for publication.

*Antony Clark and Parminder Singh left the meeting.*

## **15. 2020/21 Annual report on complaints**

*Gayle Fitzpatrick, Corporate Governance Manager, joined the meeting.*

Gayle Fitzpatrick introduced the 2020/21 Annual report on complaints, copies of which had been previously circulated.

Gayle invited the Board to consider and note the report and advised of the implementation of Audit Scotland's renewed Complaints handling procedure six months ahead of schedule.

During discussion, the Board sought clarification of how complaints about colleagues are captured and whether the scope of the report may be broadened to include these in future years if relevant. In addition, the members agreed they would welcome further analysis on the split of complaints received for the Auditor General for Scotland, Accounts Commission and Audit Scotland and Gayle Fitzpatrick agreed to revert to members with further information.

Following discussion, the Chair invited any comments from the members on the report and there being none the Board noted the 2020/21 Annual report on complaints.

**Action ASB143: Gayle Fitzpatrick to provide further detail of how complaints about colleagues is captured together with the further analysis requested. (July 2021)**

## **16. 2020/21 Annual report on freedom of information and environmental information**

Gayle Fitzpatrick introduced the 2020/21 Annual report on freedom of information and environmental information, copies of which had been previously circulated.

Gayle invited the Board to review the performance in 2020/21 and to note that the number of requests had increased slightly from previous years.

During discussion the Board noted there were no issues to report from the four main areas of interest for freedom of information requests which comprise reports, contracts, policies and governance.

The members noted there have been no environmental information requests and Gayle Fitzpatrick agreed to review the messaging around the policy.

Following discussion, the Board noted the 2020/21 Annual report on freedom of information and environmental information.

**Action ASB144: Gayle Fitzpatrick to review the visibility of Audit Scotland's role in responding to Environmental Information Requests (September 2021)**

*Gayle Fitzpatrick left the meeting.*

## **17. 2020/21 Annual report from the Chair of the Audit Committee**

Colin Crosby introduced the 2020/21 Annual report from the Chair of the Audit Committee, copies of which had been previously circulated.

Colin invited the Board to consider and approve the 2020/21 Annual report from the Chair of the Audit Committee.

During discussion, the members noted an amendment to the report to state that the Committee fully endorses the actions taken by Audit Scotland to improve the delivery of audit quality.

Following discussion, the Board approved the 2020/21 Annual report from the Chair of the Audit Committee, subject to the amendment referenced.

**Action ASB145: Gayle Fitzpatrick to update the report to reflect the agreed amendment. (June 2021)**

## **18. 2020/21 Annual report from the Chair of the Remuneration and Human Resources Committee**

Jackie Mann, introduced the 2020/21 Annual report from the Chair of the Remuneration and Human Resources Committee, copies of which had been previously circulated.

Jackie invited the Board to consider the work of the committee during 2020/21 and to discuss and agree areas which the committee should take forward as priority areas for 2021/22. In addition, Jackie advised of a proposed amendment to the report to remove reference to the forthcoming recruitment of the Controller of Audit as this responsibility falls solely to the Accounts Commission, while recognising Audit Scotland's employer responsibilities.

Following discussion, the Board approved the 2020/21 Annual report from the Chair of the Remuneration and Human Resources Committee, subject to the agreed amendment.

The Chair recorded his appreciation to both Jackie Mann and Colin Crosby, new members of the Board and their performance in their respective new roles as Chair of the respective Committees.

**Action ASB146: David Blattman to update the report to reflect the agreed amendment. (June 2021)**

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

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

Elaine Boyd introduced the Policy on the provision of non-audit services by Audit Scotland's external auditor, copies of which had been previously circulated and invited the Board to consider and approve the policy.

The Board welcomed the recommendation received from the Audit Committee to approve the policy and in the absence of further comment, the Board approved the policy on the provision of non-audit services by Audit Scotland's external auditors.

## **20. Counter Fraud Policy review**

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

David Blattman introduced the Counter Fraud Policy review report, copies of which had been previously circulated.

David invited the Board to consider and approve the updated Counter Fraud Policy.

The Board sought clarification that the reference to staff includes all workers, Board members, Auditor General for Scotland and how this links to the Code of Conduct. The members were assured that the annual fit and proper process provides additional disclosure by colleagues and members' registers of interests are publicly available. David Blattman agreed to review the policy and report back to the Board.

Following discussion, the Board approved the Counter Fraud Policy, subject to clarification of the points raised.

**Action ASB147: David Blattman to review the policy and provide an update to the Board. (July 2021)**

*David Blattman left the meeting.*

## **21. 2020/21 Governance statement and certificate of assurance**

*Gayle Fitzpatrick, Corporate Governance Manager, joined the meeting.*

Gayle Fitzpatrick introduced the 2020/21 Governance statement and certificate of assurance report, 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.

Following discussion, the Board approved the 2020/21 Governance statement and certificate of assurance.

*Gayle Fitzpatrick left the meeting.*

## **22. Audit summary report for the year ended 31 March 2021**

Stuart Dennis introduced the Audit summary report for the year ended 31 March 2021 report, copies of which had been previously circulated.

The Chair invited members to the Board to note consideration of the 2020/21 Audit summary report by the Audit Committee immediately prior to today's Board meeting and in the absence of any comments the Board confirmed they were content.

## **Items taken in private**

## **23. Quality of public audit in Scotland 2020/21**

Elaine Boyd introduced the Quality of public audit in Scotland 2020/21 report, copies of which had been previously circulated.

Elaine invited the Board to approve the Quality of public audit in Scotland annual report 2020/21 for publication as part of the suite of annual reports.

During discussion, the Board considered the detailed plan to address specific areas of focus for improvement and welcomed the pace and depth of the programme being implemented.

Elma Murray advised that the Accounts Commission welcomed the work and reporting by the Audit Quality and Appointments team.

The members welcomed the rapid response by Audit Scotland to put in place a detailed action plan for the improvements required to limited and specific areas. In addition, the Board welcomed the support provided to Elaine to ensure she is content with progress and future delivery of quality audit.

Following discussion, and subject to minor editorial amendments, the Board approved the Quality of public audit in Scotland annual report 2020/21 for publication on 11 June 2021.

*Elaine Boyd and Owen Smith left the meeting.*

## **24. 2020/21 Q4 Corporate performance report**

Martin Walker introduced the 2020/21 Q4 Corporate performance report, copies of which had been previously circulated.

Martin invited the Board to review the performance in quarter four, the overall performance in 2020/21 and consider whether any additional management action is required.

During discussion, the Board noted the areas relating to delivery of audit quality and the increased cost of audit delivery as a result of remote auditing and considered the various factors which contribute to this and how future hybrid working may further impact on these.

Following discussion, the Board welcomed the impressive performance overall reported during 2021/21.

## **25. Draft Annual Report and Accounts: Year ended 31 March 2021**

Stuart Dennis introduced the Draft Annual Report and Accounts: Year ended 31 March 2021 report, copies of which had been previously circulated.

Stuart invited the Board to note the amendments discussed and agreed at the Audit Committee meeting immediately prior to today's Board meeting.

The Chair invited members to note and approve the 2020/21 Audit Scotland annual report and accounts for the year ended 31 March 2021 which had been recommended to the Board by the Audit Committee, subject to the amendments agreed.

The Board recommended the 2020/21 Annual report and accounts to the Auditor General for Scotland, being Accountable Officer of Audit Scotland, to sign the accounts on 8 June 2021.

**Action ASB148: Stephen Boyle to submit the Annual Report and Accounts for laying in Parliament. (11 June 2021)**

## **26. New audit appointments verbal update**

Elaine Boyd provided a verbal update on developments concerning the new audit appointments.

Elaine invited the Board to note the forthcoming publication of the Code of Audit Practice on 8 June 2021 and thanked the Board, Auditor General for Scotland and the Accounts Commission for their engagement and support.

The Board noted the Steering Group had considered the development of the invitation to tender (ITT) criteria, tender interview panel and the procurement schedule. In terms of procurement confidentiality arrangements Elaine advised relevant guidance will be issued within the next few weeks. The members noted an issue around the ownership of the procurement strategy which is being considered and also noted advice being sought from the Scottish Government in relation to the limitation of liability in relation to grant claims.

Following discussion, the Board welcomed the update.

*Elaine Boyd left the meeting.*

## **27. Any other business**

There was no other business.

## **28. Review of meeting**

The members welcomed the quality, content and comprehensive nature of the reports in supporting helpful and detailed discussion. The Chair thanked everyone for their contributions.

## **29. Date of next meeting: 22 September 2021**

The members noted the next meeting of the Audit Scotland Board is scheduled for 22 September 2021.

# Agenda

Wednesday 22 September 2021 at  
10.00am



1. Private meeting of members
2. Welcome and apologies
3. Declarations of interest
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 minutes:                                      |                 |
| • Board meeting: 2 June 2021                               | For approval    |
| • Human Resources and Remuneration Committee: 3 March 2021 | For information |
| • Audit Committee: 12 May 2021                             | For information |
| • Audit Committee: 2 June 2021                             | For information |
| 9. Review of action tracker                                | For information |
| 10. Covid-19 update  | For information |

## Strategic priorities

- |  |                 |
|--|-----------------|
| 11. Strategic Improvement Programme update | For information |
|--|-----------------|

## Business planning, performance and governance

- |                                     |                 |
|-------------------------------------|-----------------|
| 12. Q1 Financial performance report | For information |
| 13. Q1 Corporate performance report | For information |

## Governance

<b>14. Annual review of corporate governance policies</b>	For approval
<b>15. Annual policy review of records management policies</b>	For approval
<b>16. Annual policy review of Freedom of Information and Environmental Information requests</b>	For approval
<b>17. Information Security Management Policy review</b>	For approval
<b>18. Proposed Board and Committee meeting schedule 2022</b>	For approval

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## Conclusion

<b>19. Any other business</b>	For discussion
<b>20. Review of meeting</b>	For discussion
<b>21. Date of next meeting</b>	For information

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## Items to be taken in private

<b>22. New audit appointments update</b>	For information
[Item to be taken in private to support the effective conduct of business, commercial sensitivity]	
<b>23. 2022/23 Draft budget proposal</b>	For approval
[Item to be taken in private to support the effective conduct of business, commercial sensitivity and intended for future publication]	
<b>24. Discussion paper – Medium Term Financial Plan</b>	For discussion
[Item to be taken in private to support the effective conduct of business, commercial sensitivity]	
<b>25. Discussion paper – Future funding and fee arrangements</b>	For discussion
[Item to be taken in private to support the effective conduct of business, commercial sensitivity]	
<b>26. Audit Committee risk workshop</b>	For discussion
[Item to be taken in private to support the effective conduct of business]	