

**MEETING: 10 NOVEMBER 2022**

**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 for Scotland, 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 for Scotland 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 2022. They are attached in Appendix 1.
8. The most recent meeting of the Board was on 28 September 2022, but the minutes of this meeting are not yet publicly available as they are yet to be ratified by the Board. They will be available after the next Board meeting on 23 November 2022 and considered by the Commission at its December 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 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 October 2022**

# Minutes Board



Wednesday 1 June 2022 at the conclusion of the  
Audit Committee  
Audit Scotland by Microsoft Teams

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## **Present:**

Alan Alexander (Chair)  
Stephen Boyle  
Colin Crosby  
Jackie Mann  
William Moyes

## **Apologies:**

There were no apologies.

## **In attendance:**

Martin Walker, Acting Director of Corporate Services  
Mark MacPherson, Audit Director, Performance Audit and Best Value  
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  
Simon Ebbett, Communications Manager

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

No private meeting was held.

## **2. Welcome and apologies**

*Martin Walker, Acting Director of Corporate Services, joined the meeting.*

The Chair welcomed attendees to the meeting.

## **3. Declarations of interest**

There were no declarations of interest.

#### **4. Order of business and items to be taken in private**

It was noted that several items of business had been considered in detail by the Audit Committee at its meeting immediately before this meeting of the Board and that all members were present at that meeting.

It was also agreed that items would be considered in a different order to that set out on the agenda to support the effective conduct of business and to accommodate the availability of members and officers.

The Chair invited members to agree agenda items 21, 22, 23 and 24 be considered in private for the reasons stated on the agenda. The members agreed.

#### **5. Governance statement and certificate of assurance 2021-22 (Agenda item 16)**

The Board approved the Governance Statement and Certificate of Assurance 2021/22 for 2022 as per the recommendation of the Audit Committee (at item 14) at the Audit Committee meeting which preceded the Board meeting.

#### **6. Audit summary report for the year ended March 2022 (Agenda item 17)**

The Board noted the Audit Summary report for the year ended March 2022 as per the discussion at the Audit Committee (item 8) which preceded the Board meeting.

#### **7. Draft Audit Scotland Annual Report and Accounts 2021/22 (Agenda item 23)**

This item was taken in private.

The Board approved the Draft Annual Report and Accounts 2021/22 as per the discussion at the Audit Committee (item 7) which preceded the Board meeting.

#### **8. Interim Corporate Plan 2022/23 (Agenda item 24)**

*Simon Ebbett, Communication Manager, joined the meeting.*

This item was taken in private.

Simon Ebbett introduced the Interim Corporate Plan 2022/23, copies of which had been previously circulated.

The Board are invited to review and provide feedback on the interim draft plan and subject to any agreed amendments, approve the plan.

Martin highlighted that this, by design, is an interim plan for 2022/23 pending a more significant refresh of a longer-term corporate plan. He advised that this approach would provide for the new longer term corporate plan to be informed by input from the new Executive Team, the Accounts Commission's change programme and the ongoing development work on the Partnership Working Framework and Public Audit in Scotland.

The Board discussed the interim plan and its expectations for the longer-term plan (which should include more data and clear objectives and targets).

On the interim plan, the Board requested amendments be made including amendments to the introduction and in relation to the 'How we run Audit Scotland' section, with reference to the Annual Report and Accounts 2021/22.

On the longer-term plan, the Board agreed it would consider updates at its meetings in September and November 2022, with a view to agreeing the new plan at its meeting in January 2023.

Following discussion, the Board agreed the interim Corporate Plan 2022/23, subject to the suggested amendments, which would be agreed via correspondence and that the plan be published in June 2022.

***Action ASB166: Simon Ebbett to make the amendments and circulate the revised draft for agreement by the Board by correspondence. (June 2022)***

*Simon Ebbett left the meeting.*

## **9. Chair's report – verbal update (Agenda item 5)**

The Chair advised of a recent meeting with Stephen Boyle, Auditor General for Scotland and Accountable Officer, William Moyes, the Chair of the Accounts Commission, Paul Reilly, Secretary to the Accounts Commission and Martin Walker, Acting Director of Corporate Services on the Accounts Commission Change Programme.

The Board welcomed the update.

## **10. Accountable Officer's report – verbal update (Agenda item 6)**

Stephen Boyle advised of his engagement with the external auditors on the Annual Report and Accounts 2021/22.

Stephen provided an update on building strategic capacity. He advised that Antony Clark (Executive Director: Performance Audit and Best Value) and John Cornett (Executive Director: Audit Services Group) are already in post. Stephen also advised that Kenny Oliver joins Audit Scotland on 13 June as (Executive Director: Innovation and Quality) and that Vicki Bibby will join us on 22 August as Chief Operating Officer.

Stephen noted that there is ongoing engagement with the Scottish Parliament and advised the Public Audit Committee continues to take evidence on the reports on ferries and major capital projects.

He also advised that he and Martin Walker recently met with the Auditors General from UK and Ireland and respective Chief Operating Officers.

Following discussion, the Board welcomed the update.

## **11. Accounts Commission Chair's report – verbal update (Agenda item 7)**

William Moyes advised the Accounts Commission change programme was now underway. He also provided an update on the plans to recruit Accounts Commission

members and advised that the recruitment process for the role of Controller of Audit was underway.

Following discussion, the Board welcomed the update.

## **12. Review of minutes (Agenda item 8)**

### **Board meeting: 17 May 2022**

The Board considered the minutes of the meeting of 17 May 2022, copies of which had been previously circulated.

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

## **13. Review of action tracker (Agenda item 9)**

The Board noted the updates provided on the action tracker and agreed no further updates were required at the meeting.

The Chair advised a date had now been agreed for the Board Strategic Session and that this would address actions ASB 160, 163 and 164.

The Board noted the updated action tracker.

## **14. Covid-19 – verbal update (Agenda item 10)**

The Board noted the verbal update as provided at the Audit Committee (item 6) which preceded the Board meeting

## **15. 2021-22 Annual report from the Chair of the Audit Committee to the Board (Agenda item 12)**

The Board approved the Annual Report from the Chair of the Audit Committee as per the discussion at the Audit Committee (item15) which preceded the Board meeting

## **16. 2021/22 Annual report: Remuneration and Human Resources Committee (Agenda item 13)**

The Board considered the 2021/22 Annual report: Remuneration and Human Resources Committee, which had been previously circulated.

Jackie Mann introduced the report and invited the Board to consider and approve the report.

Following discussion, the Board approved the 2021/22 Annual report: Remuneration and Human Resources Committee.

## **17. Draft international work annual report for 2021-22 (Agenda item 14)**

*Mark MacPherson, Audit Director, Performance Audit and Best Value, and Parminder Singh, International Liaison Manager, joined the meeting.*

Mark MacPherson introduced the draft international work annual report for 2021-22, copies of which had been previously circulated.

Mark advised one of our colleagues attended the EURORAI conference in person this year to present on our digital audit work. Looking forward the focus will be on how to best utilise some of the new hybrid working arrangements and how we can use international activity to drive improvement in our work.

Mark invited the Board to consider and approve the draft international work annual report for 2021-22.

During discussion, the Chair noted the reference to self-evaluation and invited the team to explore whether there may be a form of external validation.

Following discussion, the Board approved the draft international work annual report for 2021-22.

***Action ASB167: Mark MacPherson to explore external validation options in relation to international work. (Date: tbc)***

*Mark MacPherson and Parminder Singh left the meeting.*

*The Chair left the meeting at 11:40 am and Colin Crosby chaired the remainder of the meeting.*

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

## **18. Strategic Improvement Programme update (Agenda item 11)**

Martin Walker introduced the Strategic Improvement Programme update report, copies of which had been previously circulated.

Martin invited the Board to note the progress update on the Strategic Improvement Programme and next steps. He advised that significant project milestones have been reached in the new audit appointments project and the building capacity project and noted that the support for the Accounts Commission change programme now features as one of the projects within the programme.

During discussion, the members noted it would be helpful for the Board to have further information on Accounts Commission change programme and it was agreed that Bill Moyes and Martin Walker would discuss an appropriate reporting mechanism for this area of work.

The Board also noted its ongoing interest in the digital audit work that is underway and tracking the progress of this.

The members agreed Kenny Oliver would be invited to a future Board meeting to discuss the audit quality and the Strategic Improvement Programme.

Following discussion, the Board noted the report and next steps.

***Action ASB168: Bill Moyes and Martin Walker to discuss the arrangements for reporting on the Accounts Commission change programme. (Date: tbc)***

***Action ASB169: Kenny Oliver to attend a future Board meeting for a discussion on the plans for Innovation & Quality. (Date: tbc)***

## **19. Policy on the provision of Non-Audit Services by Audit Scotland's external auditor (Agenda item 15)**

Owen Smith introduced the Policy on the provision of Non-Audit Services by Audit Scotland's external auditor report, copies of which had been previously circulated.

Owen invited the Board to approve the policy, which remains unchanged from last year.

Following discussion, the Board approved the policy.

## **20. Quality of public audit in Scotland 2021/22 (Agenda item 21)**

This item was taken in private.

Elaine Boyd introduced the Quality of public audit in Scotland 2021/22 report, copies of which had been previously circulated.

It was noted that an earlier draft of the report has been discussed by the Audit Committee at its meeting on 11 May 2022.

Elaine invited the Board to approve the Quality of public audit in Scotland annual report 2021/22 for publication as part of the suite of annual reports.

Elaine noted some small changes had been made to the report and that it would be further refined to reflect the publication of a recent report by the Department of Business, Energy, and Industrial Strategy.

During discussion, the Board agreed a further refinement to paragraph four.

Following discussion, it was agreed a tracked change version of the report will be circulated to the Board for approval via correspondence.

***Action ASB170: Updated report to be circulated to the Board for approval via correspondence. (June 2022)***

*Elaine Boyd and Owen Smith left the meeting.*

## **21. Q4 Corporate performance report (Agenda item 22)**

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

This item was taken in private.

Gayle Fitzpatrick introduced the Q4 Corporate performance report, copies of which had been previously circulated.

Gayle invited the Board to review the performance in quarter four, review the overall performance in 2021/22 and consider whether any additional management action is required.



During discussion, Martin Walker confirmed to the Board an offer had been made for the cloud application developer role and the individual should be in post within the next 4-6 weeks.

Following discussion, the Board noted the report.

## **22. Any other business (Agenda item 18)**

There was no other business for discussion.

## **23. Review of meeting (Agenda item 19)**

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.

## **24. Date of next meeting: 28 September 2022 (Agenda item 20)**

The members noted the next meeting of the Audit Scotland Board is scheduled for 28 September 2022.

# Agenda

Wednesday 28 September 2022  
Audit Scotland, 102 West Port and  
Microsoft TEAMS

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**1. Private meeting of members**

**2. Welcome and apologies**

**3. Declarations of interest**

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

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## 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:**

- Audit Committee: 1 June 2022
- Board meeting: 1 June 2022

For approval

**9. Review of action tracker**

For information

**10. Covid-19 – verbal update**

For information

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## Strategic priorities

**11. Strategic Improvement Programme update**

For information

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## Business planning, performance and governance

**12. Q1 Corporate performance report**

For information

**13. Q1 Financial performance report**

For information

<b>14. Annual review of corporate governance policies</b>	For approval
<ul style="list-style-type: none"> <li>• Standing Orders</li> <li>• Scheme of Delegation</li> <li>• Financial Regulations</li> <li>• Members' Code of Conduct</li> <li>• Code of Conduct: Staff policy</li> </ul>	
<b>15. Annual policy review of records management policies</b>	For approval
<b>16. Staff handbook policy review</b>	For approval
<b>17. 2023 Proposed Board and Committee meeting schedule</b>	For approval

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## Conclusion

<b>18. Any other business</b>	For discussion
<b>19. Review of meeting</b>	For discussion
<b>20. Date of next meeting: 23 November 2022</b>	For information

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## Items to be taken in private

<b>21. HSE stress survey results and action plan</b>	For discussion
[Item to be taken in private to support the effective conduct of business]	
<b>22. Our purpose workstream: Update on Public Audit in Scotland and the new Audit Scotland corporate plan</b>	For discussion
[Item to be taken in private to support the effective conduct of business, intended for future publication]	
<b>23. 2023/24 Budget proposal</b>	For discussion
[Item to be taken in private to support the effective conduct of business, intended for future publication]	
<b>24. Medium Term Financial Plan 2022-23 to 2026-</b>	For discussion
<b>27</b>	

[Item to be taken in private to support the effective conduct of business, intended for future publication]

For approval

#### **25.10-year review of trainee scheme provider**

[Item to be taken in private to support the effective conduct of business, commercial sensitivity]