

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 for Scotland, 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 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.”

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.

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 23 November 2022. They are attached in Appendix 1.
8. The most recent meeting of the Board was on 24 January 2023, 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 4 April 2023 and considered by the Commission at its April meeting.
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.

Appendix 1

ACCOUNTS COMMISSION 

Item 5

Meeting date: 9 February 2023

Minutes Board

 AUDIT SCOTLAND

Wednesday 23 November 2022, 10.00am
Audit Scotland, 102 West Port and Microsoft Teams

Present:

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

Apologies:

There were no apologies.

In attendance:

Vicki Bibby, Chief Operating Officer
Martin Walker, Director of Corporate Support
Gayle Fitzpatrick, Corporate Governance Manager
Ian Metcalfe, Corporate Performance Officer
Stuart Dennis, Corporate Finance Manager
Susan Burgess, Assistant HR Manager
Michelle Borland, Business Manager, Performance Audit and Best Value
Karen Fitzsimons, Consultant, Business Jigsaw
Carolyn McLeod, Audit Director, Performance Audit and Best Value
Rebecca Seidel, Senior 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

1. Private meeting of Board members

The Board met privately and there were no matters arising.

2. Welcome and apologies

Vicki Bibby, Chief Operating Officer, and Martin Walker, Director of Corporate Support, joined the meeting.

The Chair welcomed attendees to the meeting.

3. Declarations of interest

There were no declarations of interest noted.

4. Items to be taken in private

The Chair invited members to agree that items 18, 19, 20, 21 and 22 of the agenda be considered in private for the reasons stated on the agenda. The members agreed.

5. Chair's report – verbal update

The Chair highlighted his attendance as an observer at Vicki Bibby's successful keynote session.

The Chair advised of regular meetings with Stephen Boyle, Auditor General for Scotland and Accountable Officer, William Moyes, the Chair of the Accounts Commission, and Martin Walker, Director of Corporate Support on various operational matters, including more recent introductory meetings with Vicki Bibby, Chief Operating Officer, John Cornett, Executive Director of Audit Services and Kenny Oliver, Executive Director of Innovation and Quality.

The Chair invited members to note an update on his involvement for the appointment of the Wales Audit Office Chair and Non-Executive Board Members.

The Chair advised of regular informal meetings with other Non-Executive Board members.

In addition, the Chair advised of his virtual attendance at the Audit Committee and Remuneration Committee meetings on 9 November 2022.

Following discussion, the Board welcomed the update.

6. Accountable Officer's report – verbal update

Stephen Boyle invited the Board to note some of his engagements had been covered under the Chair's report, as well as regular engagement with the Chair, the Chair of the Accounts Commission, and monthly Joint Work Programme meetings.

Stephen invited members to note that the Audit Scotland proposed pay award was accepted and would be reflected in the November pay run for staff. Thanks were given to Martin Walker, Vicki Bibby and PCS for their ongoing engagement throughout the process.

Stephen advised members of Kenny McFall's passing after a short illness – Stephen and many colleagues will be attending the service later today.

Stephen highlighted Elaine Boyd's accolade, named as one of the UK's top 100 most influential people with disabilities. Elaine plays a prominent role in disability rights and the role in the workplace of people with disabilities and wanted to record his formal congratulations.

Stephen highlighted his attendance at Vicki Bibby's keynote and also Kenny Oliver's keynote event focussing on the role of the Innovation and Quality business group.

Stephen invited members to note the publication of a number of reports recently, including the joint briefing with the Accounts Commission on Tackling Child Poverty in Scotland. Audit Scotland colleagues and Andrew Burns (Accounts Commission) briefed the Scottish

Parliament's Public Audit Committee and subsequently held a RoundTable event with representatives looking to eradicate child poverty and identifying the steps that need to be taken. Last week the briefing on Scotland's public finances: challenges and risks was published.

In relation to Parliamentary engagement, Stephen invited members to note that he had met Sarah Boyack MSP in relation to her interest in wellbeing and sustainability and Graham Simpson MSP relating to South Lanarkshire College. Audit Scotland and the Accounts Commission (Christine Lester) briefed a joint session of the Criminal Justice, Social Justice and Social Security and Health, Social Care and Sport Committee regarding drug and alcohol misuse. Stephen also attended the Public Audit Committee session where the First Minister gave evidence on the Ferries report.

In relation to external engagement, Stephen advised members of his introductory meetings with the Chief Executive of the Scottish Human Rights Commission and the new Auditor General for Northern Ireland who will join the other UK and Ireland Auditors General at the biannual meeting on Friday 2 December hosted by Audit Scotland.

Stephen noted ongoing engagement with the Scottish Government's Permanent Secretary and that he had an introductory meeting with Louise McDonald, interim Director-General Economy.

Stephen also highlighted the informal gathering arranged on 5 December 2022 in West Port for a Public Audit Committee 'Meet and greet' session – an opportunity for colleagues to engage with members of PAC.

Following discussion, the Board welcomed the update.

7. Accounts Commission Chair's report – verbal update

William Moyes invited the Board to note some progress has been made in relation to the website and branding but there's more to be done around support from the Communications Team.

William noted the Partnership Working Framework is making good progress and will follow up with Martin Walker around financial planning and reporting.

William invited members to note that Ben Macpherson, Minister for Social Security and Local Government, was joining the December Accounts Commission meeting.

William advised members that Helena Gray, Controller of Audit, was joining in January 2022 and the four new Commission members had started. The next recruitment in early 2023 would be for three Commission members and a deputy – current appointments expire end August/early September 2023.

Action ASB180: William Moyes and Martin Walker to discuss financial planning and reporting. (December 2023)

Following discussion, the Board welcomed the update.

8. Review of minutes

Remuneration and Human Resources Committee meeting: 11 May 2022

The Board noted the minutes of the Remuneration and Human Resources Committee meeting of 11 May 2022, copies of which had been previously circulated.

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

Audit Committee meeting: 7 September 2022

The Board noted the minutes of the Audit Committee meeting of 7 September 2022, copies of which had been previously circulated.

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

Board meeting: 28 September 2022

The Board noted the minutes of the Board meeting of 28 September 2022, copies of which had been previously circulated.

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

The following action points were noted:

- Item 7 – action is still pending; Martin Walker and William Moyes will follow up
- Item 11 – New Audit Appointments lessons learned exercise had been circulated to Board members and action was complete.
- Item 11 – update on Innovation and Quality will be presented to the January Board meeting.
- Item 13 – Estates Strategy will be presented to the January Board meeting
- Item 22 – confirmed nothing required circulation, item is on the agenda today.

Remuneration and Human Resources Committee meeting: 28 September 2022

The Board noted the minutes Remuneration and Human Resources Committee meeting of 28 September 2022, copies of which had been previously circulated.

The Board noted the minutes were an accurate record of the meeting and that the proposed pay award had been accepted.

9. Review of action tracker

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

Martin Walker invited the Board to note action ASB171 has been updated to meet the Board's needs.

Martin Walker invited the Board to note action ASB175: colleagues are expecting the consultant's report to be received in December and an update report will be presented to the January 2023 Board meeting with the final report presented to the March 2023 Board meeting for decision.

The Board noted the updated action tracker.

10. Covid-19 – verbal update

Martin Walker provided a verbal update on matters related to Covid-19, noting three colleagues had posted absence due to Covid-19 – an increase on recent weeks and months.

In relation to the external operating environment, the number of people testing positive has reduced to 1 in 55 – the same in Wales and Northern Ireland and higher in England. Last week, 47 deaths were reported due to Covid-19 – an increase from recent numbers.

Vicki Bibby invited the Board to consider widening the standing item on Covid-19 to an item on Health, Safety and Wellbeing relating to staff.

Following discussion, the Board noted the update.

Action ASB181: Standing item to change from Covid-19 to Health, Safety and Wellbeing from January 2023 Board meeting onwards (January 2023).

11. Q2 Performance Report

Gayle Fitzpatrick, Corporate Governance Manager and Ian Metcalfe, Corporate Performance Officer joined the meeting.

Gayle Fitzpatrick introduced the Q2 Performance report, copies of which had been previously circulated.

Members welcomed the change to reporting with recommendations at the beginning of the report for clarity.

Martin invited the Board to note and approve the steps set out in paragraphs 3 to 7 to improve performance reporting to the Board for Q3 and Q4 and then further changes would be made to align reporting with the new Corporate Plan.

Martin also invited the Board to review the performance in Q2 set out in paragraphs 8 to 22; the position summary in appendix 1 and the detail with actions, as appropriate, in appendix 2.

The Board were invited to note the performance in relation to audit delivery and agree that a detailed report on mitigating action is brought back to the January Board meeting as set out in paragraph 18.

Martin advised the Board of the reasons for the delays in audit delivery and highlighted the key messaging has been that quality is the top priority.

During discussion, members noted that work is progressing around metrics and productivity in relation to performance reporting and agreed to explore options for a separate Board session in January 2023 outwith the Board meeting.

During discussion, the Board noted that work is ongoing in relation to performance reporting and presentation and will incorporate Accounts Commission requirements within this.

During discussion, members noted that Vicki is working with colleagues in relation to the wider work on quality and how audits are delivered, ensuring audited bodies are clear on Audit Scotland's expectations for delivery.

Action 182: *William Moyes, Vicki Bibby, Martin Walker and Gayle Fitzpatrick to meet and discuss presentation requirements for the Accounts Commission performance reporting. (January 2023)*

Action 183: *Executive Team to explore options to extend the Board session on 23 January 2023 to discuss performance reporting further (December 2022).*

Gayle Fitzpatrick and Ian Metcalfe left the meeting.

12. Q2 Financial performance report

Stuart Dennis, Corporate Finance Manager joined the meeting.

Stuart Dennis introduced the Q2 Financial performance report, copies of which had been previously circulated.

Stuart invited the Board to note the financial results for the six months to 30 September 2022, as reviewed by the Audit Committee on 9 November 2022.

During discussion, the Board noted the key financial risks highlighted in paragraph 9 at Appendix 1 and Stuart highlighted the increase in the maintenance costs for the West Port office as an example of current financial challenges.

The Board noted that work is ongoing to highlight the income generated on behalf of AGS and separate out the costs for the Accounts Commission in this report.

Following discussion, the Board welcomed the update.

Stuart Dennis left the meeting.

13. Corporate Governance Documents

Gayle Fitzpatrick, Corporate Governance Manager and Ian Metcalfe, Corporate Performance Officer re-joined the meeting.

Gayle Fitzpatrick introduced Corporate Governance Documents, copies of which had been previously circulated.

The Board was invited to approve the proposed changes to the Standing Orders, the Financial Regulations and the Staff code of conduct.

Following discussion, the Board approved the proposed amendments to the Corporate Governance Documents.

Action ASB184: *The Standing Orders, Financial Regulations and Staff code of conduct were approved for the year.*

Gayle Fitzpatrick and Ian Metcalfe left the meeting.

14. Bullying and Harassment policy report

Susan Burgess, Assistant HR Manager joined the meeting.

Susan Burgess introduced the Bullying and Harassment policy report, copies of which had been previously circulated.

The Board was invited to approve the Bullying and Harassment policy report.

During discussion, the Board was invited to note that further wording will be added to include sexual harassment as a distinction from the definition of harassment due to protected characteristics.

Following discussion, it was agreed to seek legal advice in relation to wording around an untrue complaint and potential disciplinary action.

Action 185: *Susan Burgess will circulate wording for inclusion in the policy in relation to sexual harassment (December 2023).*

Action 186: *Susan Burgess will seek legal advice on identified wording and respond to the Board to seek final approval via correspondence or at the January Board meeting (January 2023).*

Susan Burgess left the meeting

15. Any other business

There was no other business for discussion.

16. 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.

17. Date of next meeting: 24 January 2023

The members noted the next meeting of the Audit Scotland Board is scheduled for 24 January 2023.

Items taken in private

18. Our purpose workstream: Update on Public Audit in Scotland and new Audit Scotland corporate plan

Michelle Borland, Business Manager, Performance Audit and Best Value and Karen Fitzsimons, Business Jigsaw joined the meeting.

Vicki Bibby introduced Our purpose workstream: Update on Public Audit in Scotland and new Audit Scotland corporate plan, copies of which had been previously circulated.

The Board was invited to engage in a discussion with the Business Jigsaw team about the vision and outcomes for Public Audit in Scotland.

During discussion, the Board noted staff consultations will commence in January 2023 and external consultation thereafter.

Following discussion, the Board noted the paper presented was much clearer and the change in timetable was more realistic.

Michelle Borland and Karen Fitzsimons left the meeting.

19. SCPA budget proposal 2023/24 report

Stuart Dennis, Corporate Finance Manager, re-joined the meeting.

Stuart Dennis introduced the SCPA budget proposal 2023/24 report, copies of which had been previously circulated.

Stuart invited the Board to discuss, review and provide comment on the draft 2023/24 Budget Proposal, approve the proposed 2022/23 audit fee by sector, discuss the implications of a flat cash settlement and agree amendments prior to submitting to SCPA.

During discussion, the Board noted the Scottish Government is due to publish its budget on 15 December 2022 with the SCPA meeting confirmed on 14 December 2022.

Stuart invited the Board to note the proposed budget increase for 2023/24 compared with the 2022/23 approved budget with explanation at paragraph 19, the fee increase at paragraph 21 and risks are responses at paragraphs 25 to 29.

During discussion, the Board noted the fee increase for 2022/23 audits by sector.

Following discussion, the Board approved the submission of the budget to the SCPA and will share the Q&A for the preparatory SCPA session with all Board members.

Action ASB187: The 2023/24 Budget proposal to be submitted to the SCPA. (December 2022)

Stephen Boyle left the meeting.

20. Spring Budget Revision 2022/23

Stuart Dennis introduced the Spring Budget Revision 2022/23, copies of which had been previously circulated.

Stuart invited the Board approve the request to the SCPA for a 2022/23 Spring Budget Revision of £5.2 million non-cash AME funding in order to meet additional IAS 19 pension charges.

Following discussion, the Board approved the submission of the request to the SCPA for a 2022/23 Spring Budget Revision of £5.2 million non-cash AME funding in order to meet additional IAS 19 pension charges.

Action 188: *The 2022/23 Spring Budget revision proposal to be submitted to the SCPA. (December 2022)*

Stuart Dennis left the meeting.

21. Environment, Sustainability and Biodiversity Annual Report 2021/22

Carolyn McLeod, Audit Director, Performance Audit and Best Value and Chair of the Green Future Team, Rebecca Seidel and Ian Metcalfe joined the meeting.

Carolyn McLeod introduced the Environment, Sustainability and Biodiversity Annual Report 2021/22, copies of which had been previously circulated.

Carolyn invited the Board to note the report which gives an update on progress to reach carbon targets and it will become more challenging to reduce emissions in future as we move to more hybrid than home based working. The Green Futures Team is considering offsetting once Scottish Government guidance on the use of offsetting is updated.

The Board was invited to consider and approve the Environment, Sustainability and Biodiversity Annual Report 2021-22 for publication on our website and as the basis of our response to SSN.

Following discussion, the Board approved the Environment, Sustainability and Biodiversity Annual Report 2021-22 for publication on our website and as the basis of our response to SSN.

Action 189: *The Environment, Sustainability and Biodiversity Annual Report 2021/22 will be published on Audit Scotland's website. (November 2022)*

Carolyn McLeod, Rebecca Seidel and Ian Metcalfe left the meeting.

22. Procuring External Quality Assurance 2022-28 report

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

The Chair noted his congratulations to Elaine on being named as one of Britain's most influential people with disabilities in the 2022 Shaw Trust Disability Power 100 list.

Elaine Boyd introduced the Procuring External Quality Assurance 2022-28 report, copies of which had been previously circulated.

The Board was invited to note the results of the tender and approve awarding the contract to ICEAW.

Elaine invited to noted that the quality of the bid was very high and benchmarked at market rate therefore Audit Quality and Appointments (AQA) recommend the bid.

During discussion, the Board suggested that AQA consider deploying internal audit arrangements to independently audit and assess performance the performance of ICAEW.

AQA speak to internal audit (review AQA) and will be carefully looking at what's delivered as part of the contract arrangements. This form of oversight might be integrated with AQA auditing.

Following discussion, the Board approved awarding the contract for external quality assurance 2022-28 to ICAEW.

Action 190: The Board approved awarding the contract for external quality assurance 2022-28 to ICAEW. (November 2023)

Action 191: Audit Quality and Appointments to consider internal audit arrangements of ICAEW. (January 2023)

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

Appendix 2

ACCOUNTS COMMISSION 

Item 5

Meeting date: 9 February 2023

Agenda

10.15 Tuesday 24 January 2023
Audit Scotland, 102 West Port and
Microsoft TEAMS

 AUDIT SCOTLAND

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 draft minutes: | |
| • Board meeting: 23 November 2022 | For approval |
| 9. Review of action tracker | For assurance |
| 10. Health, Safety and Wellbeing – verbal update | For information |

Strategic Priorities

- | | |
|-------------------------------------|---------------|
| 11. Strategic Improvement Programme | For assurance |
|-------------------------------------|---------------|

Business planning, performance and governance

- | | |
|--------------------------------|---------------|
| 12. Audit quality arrangements | For approval |
| 13. Audit Delivery - update | For assurance |

Conclusion

- | | |
|---|-----------------|
| 14. Any other business | For discussion |
| 15. Review of meeting | For discussion |
| 16. Date of next meeting: 4 April 2023 | For information |

Items to be taken in private

- | | |
|--|----------------|
| 17. 2022/23 Spring Budget Revision and 2023/24 Budget proposal - SCPA Report – Verbal Update
[Item to be taken in private to support the effective conduct of business and commercial sensitivity] | For discussion |
| 18. Ethical Standards Policy
[Item to be taken in private to support the effective conduct of business, intended for future publication] | For approval |
| 19. Estate Strategy update
[Item to be taken in private to support the effective conduct of business and commercial sensitivity] | For discussion |
| 20. Our purpose workstream: Update on Public Audit in Scotland and the new Audit Scotland corporate plan
[Item to be taken in private to support the effective conduct of business, intended for future publication] | For approval |