

**Minutes of the SWIA Audit Committee Meeting
2.00 pm, 20 November 2008
Pentland Room, Ladywell House**

Present: Hamish Hamill, External Independent Advisor, Chair
Sandra Nutley, External Independent Advisor
David Wiseman, Care Commission
- David Cumming, Depute Chief Inspector
Andrew Wilkinson, Corporate Manager
Andy Anderson, Audit Scotland
Gordon Robinson, Scottish Government Internal Audit
Stuart Ainslie, SWIA Accountant
Anne Travers, Minutes

Apologies: Alexis Jay, Chief Inspector
Jim Stevendale, SWIA Finance Manager
Lorna Meahan, Audit Scotland
Pearl Marshall, Internal Audit

1. Welcome and Introductions

- 1.1 Hamish Hamill welcomed David Wiseman, Care Commission, as the third independent member of the Audit Committee.
- 1.2 Hamish Hamill agreed to reshuffle the agenda to enable Andy Anderson to attend another meeting.

2. Minutes of the meeting held on 21 August 2008

- 2.1 The minutes of the previous meeting held on 21 August 2008 were accepted as factually correct.

3. Matters arising

- 3.1 On item 6.3 (the role of the audit committee in the Scottish Government's Performance Management Framework), Andy Anderson confirmed that no further information was available on how this would be taken forward. On item 8.1, Audit Scotland had heard nothing further on Audit Committee Chairs being invited to an event for the Scottish Government website launch of the revised audit committee guidance.

4. External Audit Report

- 4.1 Andy advised the committee that planning work on SWIA's 2008/09 audit would begin in January 2009. Some work would be required also on bringing SWIA's accounts into line with the International Financial Reporting Standards

(IFRS) and he hoped that this would be looked at by the end of January/ beginning of February 2009.

4.2 Hamish Hamill thanked Andy for his verbal report.

5. Internal Audit Report

5.1 Gordon Robinson updated the committee on progress for the current year's internal audit work. Fieldwork for the audit of business planning and performance measurement, including quality assurance, had been completed and a draft report issued in October. Work on the audit of corporate governance and risk management was scheduled to commence towards the end of 2008/09. Three follow-up reviews had been completed with all recommendations implemented. The remaining follow-up review of procurement and contract management would commence shortly.

5.2 The committee accepted and noted the report.

6. Chief Executive's Report and progress on audit recommendations

6.1 The Chief Executive's report advised the committee that her employment status would change from a secondment to a fixed term appointment in April 2009. This would allow Philip Rycroft, Director General Education, to formally delegate full accountable officer responsibilities.

6.2 The committee discussed reported progress against the audit recommendations. It noted that the corporate plan would include a range of targets and performance indicators supporting the Government's five strategic priorities and that the draft plan was to be discussed at the SWIA Board meeting the following week.

Committee members noted that external quality assurance of the performance inspection programme was not to be pursued in light of the move to a proportionate, risk-based methodology but suggested elements of it might be incorporated within the new methodology. The Committee debated also whether the external independent advisor role in the moderation process compromised Committee members' scrutiny role, concluding that it was possible to maintain separation of the two roles. Committee members agreed to raise the issue of external quality assurance at the forthcoming Board meeting.

6.3 The committee noted the Chief Executive's report.

7. Adoption of SWIA accounting policies

7.1 Stuart Ainslie advised the committee that the draft accounting policies paper had been prepared to allow the Committee to formally approve SWIA's accounting policies for 2008/09. The few minor changes from the previous year's policies were highlighted as tracked changes.

- 7.2 The committee agreed the accounting policies.
8. Formal consideration and acceptance of revised SWIA Audit Committee terms of reference
- 8.1 The Committee considered the revised SWIA Audit Committee terms of reference. Andrew Wilkinson advised the committee that the proposed terms of reference followed very closely the Scottish Government model. The revised terms of reference had been agreed previously by the Board. The Chair noted the requirement for the Committee to produce an annual report and periodically to consider its own effectiveness.
- 8.2 The Audit Committee accepted the revised terms of reference.
- 9 Risk register / risk management
- 9.1 The Committee reviewed the updated risk register. David Wiseman mentioned that it might be helpful to reflect modified risk from changing factors such as the scrutiny review as well as the 'raw' risk. The Committee considered also that, although the risk scores had been reviewed in light of the proposed restructure, they perhaps should be moderated by the risk mitigation actions already in place. It was not thought appropriate to increase the number of risks or to make the presentation more complex. Andrew agreed to take these suggestions to the Risk Management Group for further discussion.
- 9.1 The committee noted the current version of the register.
10. Date of next meeting 19 February, 2 pm, Pentland Room, Ladywell House.